

ANNUAL BUDGET OF

Bitou Municipality



2013/14 TO 2015/16

MEDIUM TERM REVENUE AND

EXPENDITURE FRAMEWORK

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	City Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NDP	National Development Plan
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

Speaker, members of the mayoral committee, councilors, municipal manager, directors, guests, ladies and gentlemen, good morning to all.

Speaker, it is my honour and privilege to stand before council and present the 2013/2014 budget and Medium Term Revenue and Expenditure framework for Bitou Municipality to council for approval.

We still find ourselves in the shadow of the economic downturn, and just like the Provincial and National Government, need to devise our budget in a constrained fiscal environment.

It is not only my duty as Executive Mayor of Bitou, to lead the municipality and citizens of Bitou towards financial sustainability and to ensure the protection of the scarce financial and other resources at our disposal, but also to ensure that the quality of life in our area is improved through the sustainable delivery of high quality services to all our communities.

Economic outlook

Bitou cannot function in isolation of the global economy and therefore the following economic indicators needs to be noted and taken into account in our own financial strategies.

- The Global economic growth has slowed to 3.2% in 2012 and is expected to moderately increase to 3.5% in 2013
- South Africa achieved a growth of only 2.4% in 2012, and more people are unemployed than a year ago.
- GDP is expected to grow at 2.7% in 2013 rising to 3.5% in 2015
- Inflation remains within the reserve bank target of between 3% and 6% with upward pressure as a result of increased consumer debt.
- The economy of the Western Cape is expected to have grown by 3% in 2012, which is marginally higher than the national average.
- Census 2011 has shown that the population of the Western Cape has grown with 29% from 2001; Bitou recorded the 4th highest growth in population in the country placing a huge strain on infrastructure and housing needs.
- Disposable revenue remains under strain highlighting the need for affordable service delivery.

Bitou financial overview

The municipality still finds itself in a vulnerable financial position constantly having to manage ourselves out of past deficiencies and inappropriate financial management decisions to a position of financial viability and sustainability. The following needs to be highlighted:

- The cash position has improved from a negative R 33 Million as at 30 June 2012 to a positive R2 Million as at 30 April 2013
- Trade Creditors have reduced from R 20 Million as at 30 June 2012 to 3.8 Million at the end of April 2013
- Debtors collection is averaging at 95% for the year to date with the average time taken to collect debt reducing from 135 days to 114 days
- The cash flow remains under pressure though as various legacy issues including VAT repayment, unpaid statutory contributions, the repayment of Provincial housing funds and issues of litigation needs to be concluded.

Focus of the 2013/2014 budget

The National Development Plan provides an additional challenge to the municipality with regards to social and economic restructuring, the rapidly urbanising society, and social solidarity whereby inclusive economies needs to be built. It also highlights key institutional challenges to municipalities with regards to the need to professionalise the public service, strengthen accountability, improving management and the fight against corruption.

National Treasury Budget Circulars 66 and 67 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending, protection of the poor and encourages the municipalities to carefully evaluate all spending decisions.

Bearing the aforementioned in mind the budget tabled here today is focussed on the following:

- Core service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure enjoys preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery to ensure the economic progression of our communities
- Balancing quality and affordability in the rendering of services to all communities within Bitou.
- Encouraging savings and value for money spending in all areas of service delivery thereby ensuring the financial sustainability of the municipality.
- Strengthening of management, leadership and oversight.

Capital Budget

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee processes where applicable.

The total capital requirements for the 2013/2014 financial year amounts to R 52.16 Million with the main focus being the following:

Provision of Housing infrastructure	R 11.7 Million
Water Infrastructure	R 9.5 Million
Electricity	R 2.3 Million
Sanitation	R 9.66 Million
Refuse Removal	R 4.38 Million

Cemetery establishment	R 1.3 Million
Roads Infrastructure	R 3.26 Million
Replacement of vehicle fleet	R4,39 Million

The capital budget is funded by means of grants from National government in the amount of R19.9 Million, Provincial Grants in the amount of R 12.1 Million, Loan funding in the amount of R12 Million, Finance leases to replace fleet vehicles that have come to the end of their useful lives in the amount of R4.39 Million and own funding in the amount of R 3.74 Million.

Operating Budget

The operating budget for the 2013/2014 financial year amounts to R 404 Million which represents an increase of R 63.77 Million or 18.5% over the budget for 2012/2013.

The cost drivers of the increase in the budget can be summarized as follows:

- 6.85% increase in the wage bill in accordance with the multi-year wage agreement
- 7.3% increase in the purchase of electricity from Eskom.
- Inflationary pressure and the general increase in the price of goods and services
- Substantial increase in fuel prices over the last 12 months.
- Operational requirements to ensure service delivery standards are complied with.

Housing allocation for the construction of houses has significantly increased from R 24.7 Million in the 2012/2013 financial year to R 62.8 Million in the 2013/2014 financial year allowing the municipality to expedite the delivery of houses.

Revenue sources remains under strain and in an attempt to balance service delivery with affordability proposed tariff increases have been limited as follows:

Electricity 7.0%
Water 6%
Sewerage 6.4%
Assessment rates 5.5%
Refuse removal 7%

The compilation of the general valuation roll for the period July 2013 to June 2017 have added little growth in the rates basis as a very low growth in property values over the last 4 years is evident from the valuations submitted, early indications are that the rates base will not grow with more than 2% to 4% from the 2009 valuation roll to the 2013 valuation roll.

Indigent subsidies

Provision is made in the operating budget for the subsidizing of indigent households in the amount of R 245 per month; this includes a free 6kl of water, 50 units of electricity, a 100% subsidy for refuse removal and sewerage charges. A 100% rebate on assessment rates will also be given for Indigent households. The subsidy allowed, exceeds the National norm and stretches the affordability threshold of the municipality. The total amount in respect of free

services, inclusive of free services given in Eskom distribution areas, and assessment rates rebates exceed R23.2 Million in the 2013/2014 financial year.

In conclusion

The budget presented here today is a step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, financial viability and sustainability, excellence in administration, transparency and public participation and it is my prayer that it will contribute to our goal "To be the best together".

Speaker, please allow me to express my appreciation to the following persons:

- To all members of the Mayoral committee and all councillors who contributed to the budget process.
- To the Municipal Manager and his team for the hard work and long hours put in for the compilation of the budget.
- To all members of the ward committees and members of the public for their participation and valuable contributions in the budgeting process.

Speaker, it is my privilege to present the 2013/2014 budget, inclusive of my speech for deliberation and consideration.

I thank you.

COUNCILLOR MEMORY BOOYSEN
EXECUTIVE MAYOR

1.2 Council Resolutions

1. The Council of Bitou Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 27 (MBRR Table A2);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 29 (MBRR Table A3);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 20 on page 30 (MBRR Table A4); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 21 on page 32 (MBRR Table A5).
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 22 on page 34 (MBRR Table A6);
 - 1.2.2. Budgeted Cash Flows as contained in Table 23 on page 36 (MBRR Table A7);
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 24 on page 37 (MBRR Table A8);
 - 1.2.4. Asset management as contained in Table 25 on page 38 (MBRR Table A9); and
 - 1.2.5. Basic service delivery measurement as contained in Table 26 on page 40 (MBRR Table A10).
2. The Council of Bitou Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure A:
3. The Council of Bitou Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs and fees for other services, as set out in Annexures A.
4. To give proper effect to the municipality's annual budget, the Council of Bitou Local Municipality approves:
 - 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year to the amount of R16,395 Million in terms of Section 46 of the Municipal Finance Management Act.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.
5. That the amendments to the budget related policies as attached in Annexure B be approved

1.3 Executive Summary

The application of sound financial management principles for the compilation of Bitou Municipality's financial plan is essential and critical to ensure that Bitou Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Bitou Municipality's business and service delivery priorities were reviewed as part of this year's planning and budgeting process. Where appropriate, funds were transferred to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year adjustment budget is reflective of this principle and supports the municipality's quest for financial sustainability.

Bitou Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and to ensure that all revenue due is billed and collected. Furthermore, Bitou Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarized as follows:

- The slow recovery from the economic downturn that is still hampering growth and development.
- Difficulties experienced in recovering from inappropriate financial management decisions.
- Above average population growth placing a strain on infrastructure and housing needs.
- Ageing and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk water and electricity as a result of continued annual increases which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and the continued escalation in the fuel price. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

Description	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating revenue	380,896,408	439,994,138	390,353,168	429,461,542
Total Operating Expenditure	340,468,663	404,059,808	364,775,134	389,183,249
<i>Surplus/(Deficit) for the year</i>	40,427,745	35,934,330	25,578,034	40,278,248
Total Capital Expenditure	59,374,560	52,161,018	31,778,333	35,623,772

Total operating revenue has grown by 15.52 per cent or R59.09 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will decrease by 11.14 and increase by 9.97 per cent respectively, equating to a total revenue growth of R70.1 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R404 Million and translates into a budgeted surplus of R168,312 after taking into consideration capital funding from own revenue and Loan funding. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 18.68 per cent in the 2013/14 budget and by reduces by 9.72% for 2014/2015 and increases by 6.69 per cent for 2015/2016 being the outer years of the MTREF. The operating surplus for the two outer years steadily increases to R3.8 million for 2014/2015 and R14.6 Million for 2015/2016 after capital funding is accounted for. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R52.16 million for 2013/14 is 12.14 per cent less when compared to the 2012/13 Adjustment Budget. The reduction is due to various projects being finalized in the previous financial year as well as affordability constraints in the light of current economic circumstances and financial recovery of the municipality. The capital budget further decreases to R31.77 million in the 2014/15 financial year and then evens out in 2015/16 to R35.62 million.

The major portion of the capital budget will be funded from Government grants and subsidies as the municipality does not have the financial resources to commit its own funds to capital financing. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings, inclusive of finance leases, being R36.4 Million over the MTREF. It needs to be noted that Bitou Municipality has not yet reached its prudential borrowing limits and so there is still room for increasing borrowing over the medium-term. It is however very important to ensure that the municipality sufficiently recovers financially prior to the taking up of additional capital loan funding in excess of current annual redemption. The repayment of capital and interest (debt services costs) will not substantially increase over the MTREF and will therefore contribute to the financial recovery of the municipality.

1.4 Operating Revenue Framework

For Bitou Municipality to continue improving the quality of life of its communities through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly billed and secondly adequately collected. The prevailing economic circumstances are adding to the

difficulties in collecting the revenue due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Ensuring cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus to ensure availability of cash reserves to back statutory funds and provisions.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	54 912	63 139	66 730	82 912	82 255	82 255	82 255	90 447	95 331	100 479
Property rates - penalties & collection charges		2 332	2 780	3 162	3 306	3 306	3 306	3 306	3 300	3 300	3 400
Service charges - electricity revenue	2	62 219	74 500	88 977	94 443	93 555	93 555	93 555	102 415	109 761	117 635
Service charges - water revenue	2	23 227	28 255	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	2	21 834	25 259	28 065	32 497	32 412	32 412	32 412	35 165	37 064	39 066
Service charges - refuse revenue	2	10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		1 417	901	763	2 060	1 181	1 181	1 181	1 213	1 104	1 153
Interest earned - external investments		3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Interest earned - outstanding debtors		—	—	—	—	—	—	—	—	—	—
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		5 412	5 725	5 144	4 988	3 600	3 600	3 600	4 107	4 308	4 209
Licences and permits		27	61	94	240	75	75	75	74	77	81
Agency services		—	—	761	850	1 150	1 150	1 150	1 208	1 268	1 350
Transfers recognised - operational		62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	48 961	65 436
Other revenue	2	19 418	8 732	6 647	7 963	9 965	9 965	9 965	6 455	6 877	7 311
Gains on disposal of FPE		321	—	391	11 100	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		268 290	270 669	280 642	330 212	338 322	338 322	338 322	403 548	367 882	403 250

Table 3 Percentage growth in revenue by main revenue source

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 47.95 % of total revenue.

Description	Current year 2012/2013		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source								
Property rates	82 255	24.31	90 447	22.41	95 331	25.91	100 479	24.92
Property rates - penalties & collection charges	3 306	0.98	3 300	0.82	3 300	0.90	3 400	0.84
Service charges - electricity revenue	93 565	27.66	102 415	25.38	109 761	29.84	117 635	29.17
Service charges - water revenue	32 197	9.52	34 338	8.51	36 193	9.84	38 147	9.46
Service charges - sanitation revenue	32 412	9.58	35 165	8.71	37 064	10.08	39 066	9.69
Service charges - refuse revenue	19 410	5.74	21 004	5.20	22 138	6.02	23 334	5.79
Rental of facilities and equipment	1 181	0.35	1 213	0.30	1 104	0.30	1 153	0.29
Interest earned - external investments	2 950	0.87	1 770	0.44	1 500	0.41	1 650	0.41
Fines	3 600	1.06	4 107	1.02	4 308	1.17	4 209	1.04
Licences and permits	75	0.02	74	0.02	77	0.02	81	0.02
Agency services	1 150	0.34	1 208	0.30	1 268	0.34	1 350	0.33
Transfers recognised - operational	56 255	16.63	102 052	25.29	48 961	13.31	65 436	16.23
Other revenue	9 965	2.95	6 455	1.60	6 877	1.87	7 311	1.81
Total Revenue (excluding capital)	338 322	100.00	403 548	100.00	367 882	100.00	403 250	100.00

The major sources of revenue for the 2013/2014 financial year can be summarized as follows:

Source	Amount (R Million)	Percentage
Assessment Rates	90.4	22.41
Electricity revenue	102.4	25.38
Water revenue	34.3	8.51
Sewerage Charges	35.1	8.71
Refuse Charges	21.0	5.20
Grants and subsidies	102.0	25.29

The second largest source is grants and subsidies totaling R 102 million and mainly comprises of Equitable share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses. Other operating grants include the Finance management grant, municipal systems improvement grant as well as EPWP incentive grant. Property rates is the third largest revenue source totaling 22.41 per cent or R 90.4 million rand and increases to R100.47 million by 2015/16.

Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, fines collected and other sundry receipts and totals R 4.49 Million for the 2013/2014 financial year. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand	1										
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	2	-	-	2 234	21 621	19 850	16 850	15 066	8 887	18 841	
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546	
Roads, Pavements & Bridges		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	1 667	9 000	250	250	2 283	1 000	500	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	-	-	9 000	250	250	2 283	1 000	500	
Street Lighting		-	-	1 667	-	-	-	-	-	-	
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	217	4 150	500	500	250	400	7 796	
Infrastructure - Sanitation		-	-	350	4 471	8 400	5 400	10 233	3 555	-	
Reticulation		-	-	350	4 471	8 400	5 400	10 233	3 555	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Community		3	-	-	9 142	-	3 100	1 600	-	-	2 632
Parks & gardens		7	-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	-	-	3 100	1 600	-	-	2 632
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	9 142	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Heritage assets	9		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Investment properties	8	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	-	-	-	-	-	-	5 055	-	700	
General vehicles		-	-	-	-	-	-	4 395	-	-	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		-	-	-	-	-	-	-	-	-	
Computers - hardware/equipment		-	-	-	-	-	-	360	-	-	
Furniture and other office equipment		-	-	-	-	-	-	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	
Other Buildings		-	-	-	-	-	-	300	-	700	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Agricultural assets		9	-	-	-	-	-	-	-	-	-
Agricultural 1			-	-	-	-	-	-	-	-	-
Agricultural 2	-		-	-	-	-	-	-	-	-	
Biological assets	9	-	-	-	-	-	-	-	-	-	
Biological 1		-	-	-	-	-	-	-	-	-	
Biological 2		-	-	-	-	-	-	-	-	-	
Intangibles	9	-	-	-	-	-	-	-	-	-	
Computers - software & programming		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on renewal of existing	1	-	-	11 376	21 621	22 950	18 450	20 121	8 887	22 173	

Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The 8 percent increases in the average Eskom bulk purchase price once again exceeds the upper boundary of the Reserve bank inflation target resulting in an average proposed increase of 7.0% in the municipal electricity tariff.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality has completed the compilation of the general valuation roll for the period 1 July 2013 to 30 June 2017 and early indications are that the revenue base has only increased by approximately 5% when compared to the total value calculated after accounting for supplementary valuation roll 5 and 6. When allowing for objections, appeals, rebates and exemptions, an estimated growth of between 2% and 4% in the revenue base is anticipated. A moderate increase of 5.5% in the assessment rates tariff is therefore proposed for the 2013/2014 financial year.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality all properties with a value of up to R350,000 are exempted from paying assessment rates.
- The rebate granted on state owned properties will be phased out in the 2013/2014 financial year.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- Relief measures based on income also provides for rebates varying from 40% where the monthly income of an owner is less than R 3,630 per month to 10% where the monthly income is less than R6,050 per month.
- The following conditions apply to the granting of the rebates
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
 - The applicant must submit proof of his/her age and identity and also proof of the annual income.

- The property must be categorized as residential.
- The Municipality may also award a 100 per cent rebate on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 5.5 % increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates 2012/2013 and 2013/2014

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c/R	c/R
Residential properties	0.442	0.466
State owned properties	0.354	0.373
Business & Commercial	0.737	0.778
Agricultural	0.110	0.116
Vacant land	0.573	0.605
Industrial	0.737	0.778
Non-permitted use	0.922	0.973
Public benefit organizations	0.110	0.116

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Budget Circular 67 makes specific reference to the fact that water tariffs should be cost reflective and that municipalities should ensure that water complies with all applicable quality standards. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 6 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water Affairs, increased wage bill of 6.85% and the cost of other inputs increasing by between 5% and 7%. In addition 6 kℓ water per month will again be granted free of charge to residents where the value of the property is below R350,000.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
Basic/Minimum Charge	237.59 p.m.	251.85 p.m.
(i) 0 to 25 kℓ	Incl. in Basic charge	Incl. in Basic charge
(ii) Above 25 to 30 kℓ	5.58	5.91
(iii) Above 30 to 40 kℓ	7.81	8.28
(iv) Above 40 to 50 kℓ	9.48	10.05
(v) Above 50 to 60 kℓ	12.27	13.01
(vi) Above 60 to 70 kℓ	15.62	16.56
(vii) Above 70 kℓ	30.66	32.52
NON-RESIDENTIAL		
(i) 0 – 60 kℓ	7.70	8.16
(ii) Above 60 to 100 kℓ	17.44	18.49
(iii) Above 100 to 200 kℓ	19.93	21.13
(iv) Above 200 kℓ Excl. Laundromats	22.40	23.74
(v) Above 200 kℓ Laundromats	19.93	21.13

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
25	237.59	251.85	14.26	6.0
30	265.49	281.40	15.91	6.0
40	343.59	364.20	20.61	6.0
50	438.39	464.70	26.31	6.0
60	561.09	594.80	33.71	6.0
70	717.29	760.40	43.11	6.0
100	1 637.09	1 736.00	98.91	6.0

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R23.74 per kiloliter for consumption in excess of 100kℓ per month.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.3 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 7.0 per cent to offset the additional bulk purchase cost as well as recover the additional cost components such as the increase in the wage bill, general expenditure and increased maintenance and material cost for the 2013/2014 financial year. The continued above average increase in electricity

prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue.

Registered indigents as well as sub-economic consumers will again be granted 50 kWh per month free of charge.

It should be noted that the average increase in electricity tariffs for the municipality as a whole equates to 7% which is in line with the NERSA guideline determination. It is however a fact that different types of connections and consumers may experience a different effect on their accounts in accordance their specific tariff and pricing. The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers with a 60 Amp conventional metered connection:

Table 8 Comparison current vs. new electricity charges (Domestic up to 60A connection)

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100.00	69.00	73.00	4.00	5.80%
250.00	184.50	196.00	11.50	6.23%
500.00	486.50	517.50	31.00	6.37%
750.00	776.50	828.00	51.50	6.63%
1 000.00	1 086.50	1 160.50	74.00	6.81%
2 000.00	2 326.50	2 490.50	164.00	7.05%

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.4 per cent for sanitation from 1 July 2013 is proposed. The increase in tariffs can also be ascribed to rising wage cost, the increase in electricity used in purification and pumping processes, the increase in fuel prices and the general increase in the price of goods and services. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is maintained.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

	TARIFF PER Annum R	TARIFF PER Annum R
Single Residential	3,494.00	3,718.00
Shops, B&B's Offices, Hotels	5,372.00	5,716.00
Single residential used for business purposes, restaurants	6,984.00	7,431.00
Group housing and resort zones	3,494.00	3,718.00
Residential property valuation below R350,000	978.36	1,041.00
Septic tank removals	322.00	342.61
Sanitation fee no waterborne sewerage	1,365.00	1,452.00

The following table shows the impact of the proposed increases in sanitation tariffs on the amounts charged per consumer category

Table 10 Comparison between current sanitation charges and new, per consumer type

Consumer type	Current amount payable R	Proposed amount Payable R	Difference R	(% increase)
Single Residential	3494	3718	224	6.4
Shops, B&B's Offices, Hotels	5372	5716	344	6.4
Single residential used for business purposes, restaurants	6984	7431	447	6.4
Group housing and resort zones	3494	3718	224	6.4
Residential property valuation below R350,000	978.36	1041	62.64	6.4
Septic tank removals	322	342.61	20.61	6.4
Sanitation fee no waterborne sewerage	1365	1452	87	6.4

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is reiterated in Budget circular 66 and 67 that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is currently in a process to close the current land fill site and it is therefore of essence that sufficient funds are available for the rehabilitation of the landfill site estimated to be in excess of R6 Million. It was also necessary to budget for an additional R 1.8 Million in Tip fees for dumping the refuse from Bitou at the Petro SA dump site not previously budgeted.

A 7 per cent increase in the waste removal tariff is proposed from 1 July 2013. The higher increase is not only necessary to provide for sufficient reserves, but also to fund the additional operational and capital cost associated with the purchase of the two new refuse compactors in the 2012/2013 financial year.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 11 Comparison between current waste removal fees and increases

	Current Tariff	Proposed Tariff	Difference	%
	2012/2013	2013/2014	Per Annum	Difference
One removal per bin per week	Per Annum (R)	Per Annum (R)	Per month (R)	
Domestic 80ℓ container removed once a week	1830.00	1958.10	128.10	7.00
Domestic 240ℓ container removed once a week	1920.00	2054.40	134.40	7.00
Business/Commercial 80ℓ container removed twice a week	2380.00	2546.60	166.60	7.00
Business/Commercial 240ℓ container removed once a week	2617.75	2800.99	183.24	7.00

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 8 per cent, with the increase for indigent households 0 per cent due to full subsidization.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		190.75	205.92	221.67	257.83	257.83	257.83	5.4%	271.83	286.42	302.17
Electricity: Basic levy		190.59	230.61	265.20	–	–	–	–	–	–	–
Electricity: Consumption		510.00	620.00	770.00	1 017.50	1 017.50	1 017.50	6.9%	1 087.50	1 163.63	1 245.08
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		19.15	21.45	24.00	27.90	27.90	27.90	5.9%	29.55	31.15	32.85
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.83	326.58	344.25
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.17	172.00	181.25
Other								–			
sub-total		1 376.49	1 594.62	1 867.17	1 984.49	1 984.49	1 984.49	6.5%	2 113.73	2 245.23	2 385.38
VAT on Services		166.00	194.42	230.37	241.73	241.73	241.73	6.7%	257.87	274.23	291.65
Total large household bill:		1 542.49	1 789.04	2 097.54	2 226.22	2 226.22	2 226.22	6.5%	2 371.60	2 519.46	2 677.03
% increase/-decrease			16.0%	17.2%	6.1%	–	–		6.5%	6.2%	6.3%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		136.25	147.08	158.33	184.17	184.17	184.17	5.4%	194.17	204.58	215.83
Electricity: Basic levy		190.59	230.61	265.20	–	–	–	–	–	–	–
Electricity: Consumption		255.00	310.00	385.00	417.50	417.50	417.50	6.5%	444.50	475.62	508.91
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.83	326.58	344.25
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.17	172.00	181.25
Other								–			
sub-total		1 047.84	1 204.33	1 394.83	1 282.93	1 282.93	1 282.93	6.3%	1 363.52	1 444.23	1 530.02
VAT on Services		127.62	148.02	173.11	153.83	153.83	153.83	6.4%	163.71	173.55	183.99
Total small household bill:		1 175.46	1 352.35	1 567.94	1 436.76	1 436.76	1 436.76	6.3%	1 527.23	1 617.78	1 714.01
% increase/-decrease			15.0%	15.9%	(8.4%)	–	–		6.3%	5.9%	5.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		54.50	–	–	–	–	–	–	–	–	–
Electricity: Basic levy		190.59	230.61	265.20	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.83	326.58	344.25
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.17	172.00	181.25
Indigent Rebates		(656.59)	(747.25)	(851.50)	(681.26)	(681.26)	(681.26)	6.4%	(724.85)	(764.03)	(805.28)
sub-total		54.50	–	–	–	–	–	–	–	–	–
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		54.50	–	–	–	–	–	–	–	–	–
% increase/-decrease			(100.0%)	–	–	–	–		–	–	–

1.5 Operating Expenditure Framework

Bitou Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The financial recovery of the municipality to ensure the required funding levels are achieved and maintained.
- Addressing and finalizing legacy issues in order to focus on service delivery and financial sustainability
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	89 656	102 158	100 822	111 061	111 939	111 939	111 939	127 524	135 754	144 557
Remuneration of councillors	2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Debt impairment	7 570	12 124	10 468	20 612	12 800	12 800	12 800	15 019	15 914	16 870
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Finance charges	7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 845	13 837	13 684
Bulk purchases	40 644	50 582	56 600	73 882	71 745	71 745	71 745	77 582	83 783	90 478
Other materials	–	–	–	2 890	2 822	2 822	2 822	3 128	3 294	3 558
Contracted services	10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 713	21 443	21 997
Transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	99 934	99 170	77 914	60 587	79 532	79 532	79 532	119 110	61 081	67 200
Loss on disposal of PPE	–	734	25	–	–	–	–	–	–	–
Total Expenditure	271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 060	364 775	389 183

The budgeted allocation for employee related costs for the 2013/14 financial year totals R 127.5 Million, which equals 31.56 per cent of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year. An annual increase of 6.4 per cent has been included for the 2014/2015 financial year and 6.5% for the 2015/2016 financial year

In order to ensure economic viability and to not overstretch the already limited financial resources, and cash management strategy vacancies have been significantly rationalized downwards. Only positions critical for service delivery have been budgeted for the 2013/2014 financial year.

The cost to fill the newly approved organizational structure was determined and is at this stage unaffordable in the current financial context.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. An allocation in the amount of R2,070 Million is awarded to Bitou for the 2013/2014 financial year.

The provision of debt impairment was determined based on an annual collection rate of 95% and the Debt Write-off Policy of the Municipality. The current collection rate equals 97% and it is anticipated that the recovery of debt, through the increase in debt collection action will remain at a level of 97% upon conclusion of the current financial year. The provision amounts to R 15,018,714 for the 2013/14 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R21,095 million for the 2013/14 financial and equates to 5.22 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 3.43 per cent (R13.84 million) of operating expenditure excluding annual redemption for 2013/14 and remains constant through the remainder of the MTREF. Bitou Municipality has nearly reached its prudential limits for borrowing and care needs to be taken to ensure that annual finance charges remains within the affordability threshold of ratepayers and consumers considering the prevailing economic circumstances.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses which currently equals 9.98% or approximately R8 Million at the increased purchase price. Water distribution losses as at 30 June 2012 amounted to 16.13% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms.

Other materials comprise of amongst others the purchase of fuel, diesel, materials and spares for maintenance, cleaning materials and chemicals. In line with Bitou Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of Bitou Municipality's infrastructure. For 2013/14 the appropriation against this group of expenditure has grown by 10.86 per cent (R306,000).

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The growth in other expenditure amounts to 49.76% for the 2013/14 financial year and reduces with 48.72% for the 2014/2015 year, where-after it slightly increases for the 2015/2016 year. The main contributing factor to the excessive increase is the increase in the housing construction expenditure in the amount of R 38 Million from 2012/2013 to 2013/2014.

The following graph gives a breakdown of the main expenditure categories for the 2013/14 financial year.

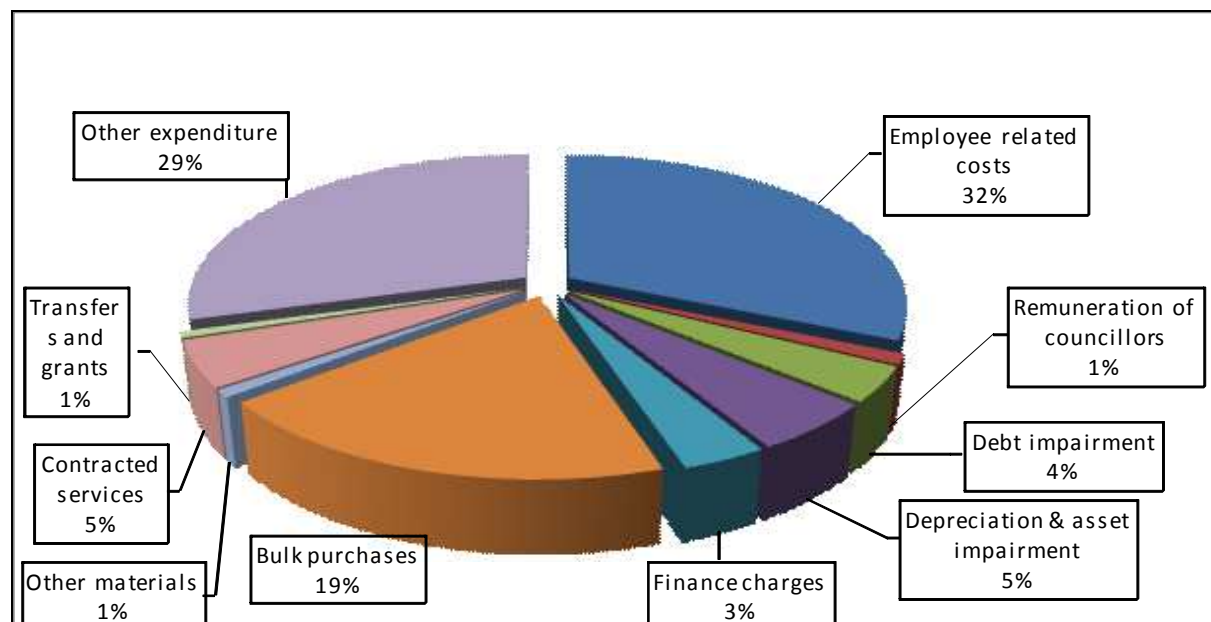


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. The following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		16 915	14 897	10 269	13 267	11 990	11 990	11 990	11 946	13 816	15 431
Total Repairs and Maintenance Expenditure	9	16 915	14 897	10 269	13 267	11 990	11 990	11 990	11 946	13 816	15 431

Repairs and maintenance is slightly increased in the 2013/2014 financial year, from R11,990 million to R11,945 million. The low increase can mainly be ascribed to the re-allocation of

maintenance budget in the amount of R1.7 Million to replacement and refurbishment of assets. During the 2012/2013 Adjustment Budget this allocation was adjusted slightly downwards owing to the cash flow challenges faced by Bitou Municipality. Notwithstanding this reduction, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The allocation to repairs and maintenance gradually increases over the MTREF and is reliant on the financial recovery of the municipality to be further supplemented.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Depreciation & asset impairment	3	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380	
Repairs and Maintenance by Asset Class		16 915	14 897	10 269	13 267	11 990	11 990	11 946	13 816	15 431	
Infrastructure - Road transport		2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765	
Infrastructure - Electricity		1 290	1 300	1 688	1 396	1 746	1 746	690	1 855	2 056	
Infrastructure - Water		949	341	31	1 999	593	593	831	971	1 030	
Infrastructure - Sanitation		1 675	1 324	959	1 725	1 920	1 920	1 848	2 226	2 375	
Infrastructure - Other		748	2 117	881	650	650	650	690	700	710	
Infrastructure	6, 7	6 851	5 941	5 352	7 212	6 268	6 268	5 539	7 426	7 937	
Community		2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796	
Heritage assets		—	—	—	—	—	—	—	—	—	
Investment properties		—	—	—	—	—	—	—	—	—	
Other assets		7 505	5 932	2 908	3 491	3 320	3 320	4 798	4 691	5 698	
TOTAL EXPENDITURE OTHER ITEMS		29 396	31 754	34 514	34 657	32 471	32 471	33 041	35 544	37 811	

For the 2013/14 financial year, 46.37 per cent or R 5,539 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received 12.46 per cent (R0,69 million), road infrastructure 26.72 per cent (R1,480 million), sanitation 33.36 per cent (R1,848) million and water 15 per cent (R831,000). Community assets have been allocated R 1,609 million of total repairs and maintenance equating to 13.47 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Bitou Municipality's Indigent Policy. It is estimated that between 5000 and 6000 households will receive subsidy on tariffs and rates in the 2013/2014 financial year, either by means of the full basket of services given as Indigent subsidies or in terms of the property value threshold where owners of properties with a value of less than R350,000 qualify for services at sub-economic tariffs. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will amount to R23.6 Million for the 2013/2014 financial year.

The results of Census 2011 has also shown that the population of Bitou have significantly increased over the last 10 years, making it the fourth fastest growing area, measured by population in the country from census to census. The indigent process is one of self-registration

therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2013/14 Medium-term capital budget per vote

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		10 048	9 643	3 302	4 300	400	400	400	5 966	7 129	7 000
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	-	1 000	1 000
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		18 590	17 839	6 108	7 955	15 955	9 455	9 455	19 859	10 609	-
Capital multi-year expenditure sub-total	7	28 638	27 482	9 409	12 255	16 355	9 855	9 855	25 845	18 738	8 000
Single-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	40	40	40	360	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	12	12	12	128	-	-
Vote 3 - Community Services		68	65	22	29	6 415	4 915	4 915	15 386	1 116	4 297
Vote 4 - Corporate Services		-	-	-	-	50	50	50	450	-	-
Vote 5 - Financial Services		-	-	-	-	160	160	160	910	-	-
Vote 6 - Strategic Services		8 179	7 849	2 687	3 500	470	470	470	445	-	-
Vote 7 - Municipal Services and Infrastructure Development		71 722	68 826	23 555	30 692	36 873	35 873	35 873	8 647	11 924	23 327
Capital single-year expenditure sub-total		79 970	76 740	26 275	34 221	43 020	41 520	41 520	26 316	13 041	27 624
Total Capital Expenditure - Vote		108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624

An amount of R 41.8 Million has been appropriated for the development of infrastructure which represents 80.2 per cent of the total capital budget.

Total new assets represent 61.4 per cent or R 32,026 million of the total capital budget while asset renewal equates to 38.6 per cent or R 20,134 million.

In addition to infrastructure assets and refurbishment and upgrades to current assets provision needed to be made for the replacement of a number of vehicles in the vehicle fleet that have come to the end of the lease periods and are due for replacement. An amount of R 4,395 Million is set aside for this purpose. The monthly operational costs as well as interest charges have already been factored into the operational results for the 2013/2014 financial year, no material increase in operational costs with regards to these assets are foreseen for the MTREF.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Following a list of projects to be undertaken over the medium-term:

AIR CONDITIONERS	130 000
BOOK DETECTION SYSTEM	350 000
ELECTIFICATION:HOUSING PROGRAM	2 631 579
FIRE HYDRANTS	155 000
HIGH MAST LIGHTS	3 361 053
KEURBOOMS WATER SUPPLY AND ABSTRACTION	3 421 628
KURLAND TREATMENT WORKS	515 000
KWANO OUTFALL SEWER	2 955 263
LAND AND BUILDINGS	1 483 700
METER READING SYSTEM	350 000
MINI SUBS	500 000
NATURES VALLEY OZONE PLANT	250 000
RELOCATION OF P/S -POORTJIES (5 118 491
RETICULATION UPGRADES AND REPLACEMENTS	1 400 000
SERVICES LINKED TO HOUSING PROGRAM	11 684 211
SHELVING	10 000
STORM WATER IMPROVEMENTS	1 600 000
SUBSTATIONS - UPGRADES AND REPLACEMENTS	1 270 000
SUPPLY TO KWANOKUTHULA & SURROUNDS	8 437 145
TOOLS AND EQUIPMENT	1 143 834
UPGRADE MV CABLES PLETT	500 000
UPGRADE OF MUNICIPAL BUIDLINGS	1 000 000
COMPUTER EQUIPMENT 1	818 866
FURNITURE AND EQUIPMENT 1	958 100
ESTABLISHMENT OF NEW CEMETARY 1	250 000
REHABILITATION OF STREETS 1	4 000 000
TAXI ROUTE - GRANT	6 185 438
WASTE TRANSFER STATION - GRANT	4 385 965
RELOCATION OF P/S -POORTJIES 2	4 000 000
UPGRADE SEWER PUMP STATIONS AND REPLACEMENTS 1	600 000
NETWORK UPGRADES AND EXTENSIONS 1	1 012 500
REHABILITATION OF STREETS 3	7 894 736
TRANSFORMERS - GRANT	4 385 965
UPGRADE OF SPORTS FACILITIES - MIG	2 631 579
STORM WATER IMPROVEMENTS 3	2 982 456
ROODEFONTEIN DAM UPGRADES 3	6 795 614
LEASED VEHICLES	4 395 000
LAND AND BUILDINGS 2	4 950 000
ESTABLISHMENT OF NEW CEMETARY	1 300 000
PARKING FACILITIES 2	215 000
PARKING FACILITIES	85 000
POORTJIES EMBANKMENT PROTECTION	350 000
WATER MANAGEMENT DEVICES	2 000 000
WASTE TRANSFER STATION	10 000 000
UPGRADE SEWER PUMP STATIONS AND REPLACEMENTS	600 000
MINI SUBS 2	500 000
Grand Total	119 563 123

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

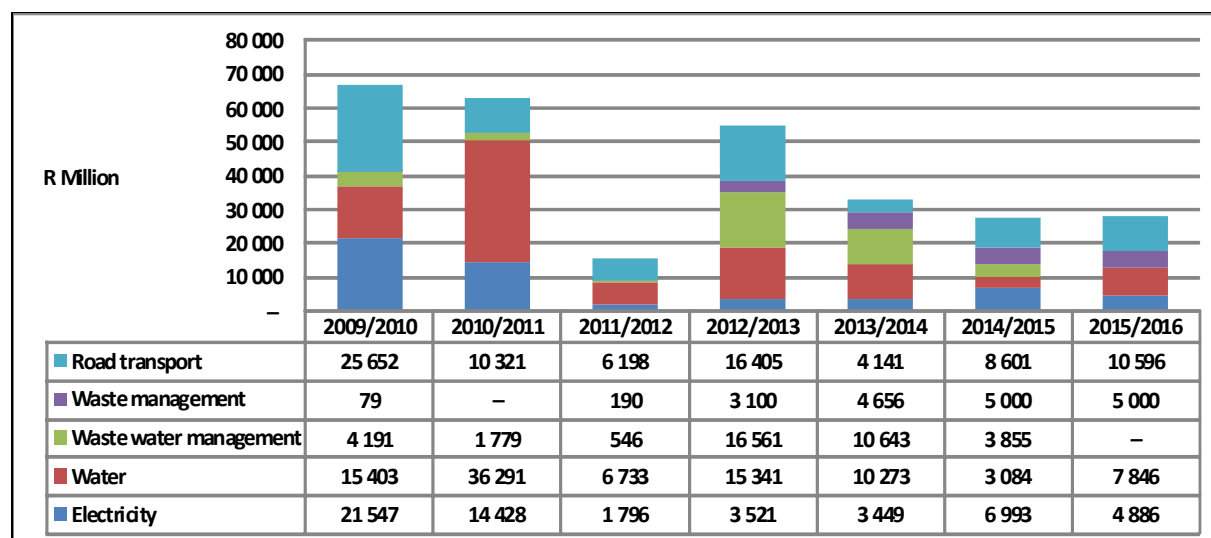


Figure 2 Capital Infrastructure Program

1.7 Annual Budget Tables - Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	57 244	65 919	69 891	86 219	85 562	85 562	85 562	93 747	98 631	103 879
Service charges	118 207	141 756	163 224	177 655	177 584	177 584	177 584	192 923	205 156	218 181
Investment revenue	3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Transfers recognised - operational	62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	48 961	65 436
Other own revenue	26 594	15 419	13 800	27 200	15 971	15 971	15 971	13 056	13 634	14 103
Total Revenue (excluding capital transfers and contributions)	268 290	270 669	280 642	330 212	338 322	338 322	338 322	403 548	367 882	403 250
Employee costs	89 656	102 158	100 822	111 061	111 939	111 939	111 939	127 524	135 754	144 557
Remuneration of councillors	2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Finance charges	7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 845	13 837	13 684
Materials and bulk purchases	40 644	50 582	56 600	76 772	74 567	74 567	74 567	80 710	87 077	94 036
Transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	117 633	120 501	99 405	101 323	113 462	113 462	113 462	153 841	98 438	106 067
Total Expenditure	271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 060	364 775	389 183
Surplus/(Deficit)	(3 142)	(33 087)	(17 589)	(2 201)	(2 147)	(2 147)	(2 147)	(512)	3 107	14 066
Transfers recognised - capital	24 910	61 215	26 697	22 976	42 575	42 575	42 575	36 447	22 471	26 212
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Capital expenditure & funds sources										
Capital expenditure	108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624
Transfers recognised - capital	50 958	51 043	11 962	22 976	45 575	37 575	37 575	32 026	19 778	23 124
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	28 598	17 296	5 520	20 000	13 310	13 310	13 310	16 395	10 000	10 000
Internally generated funds	29 051	35 883	18 202	3 500	490	490	490	3 741	2 000	2 500
Total sources of capital funds	108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624
Financial position										
Total current assets	59 433	66 149	75 152	45 458	59 489	59 489	59 489	64 188	94 567	136 829
Total non current assets	551 029	638 930	650 655	694 482	689 549	689 875	689 875	721 153	731 429	744 915
Total current liabilities	80 411	123 118	97 889	87 798	72 324	72 324	72 324	66 079	68 382	63 847
Total non current liabilities	121 911	142 769	179 619	183 124	179 619	182 281	182 281	194 023	202 160	210 019
Community wealth/Equity	408 139	439 193	448 301	469 018	497 096	494 760	494 760	529 930	560 145	612 569
Cash flows										
Net cash from (used) operating	43 760	88 865	26 619	33 641	33 868	33 868	33 868	58 919	63 724	80 210
Net cash from (used) investing	(108 321)	(101 622)	(35 911)	(35 306)	(46 406)	(46 406)	(46 406)	(50 335)	(30 666)	(34 377)
Net cash from (used) financing	23 331	12 836	21 228	10 467	3 777	3 777	3 777	(481)	(3 202)	(4 076)
Cash/cash equivalents at the year end	16 604	16 684	28 620	3 849	19 859	19 859	19 859	27 962	57 817	99 575
Cash backing/surplus reconciliation										
Cash and investments available	20 273	20 655	32 895	7 832	28 046	28 372	28 372	32 854	63 017	105 070
Application of cash and investments	78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 242	115 269	123 517
Balance - surplus (shortfall)	(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(67 388)	(52 252)	(18 447)
Asset management										
Asset register summary (WDV)	546 986	634 668	646 169	690 312	685 062	685 062	716 129	716 129	726 178	739 419
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 095	21 728	22 380
Renewal of Existing Assets	-	-	11 376	21 621	22 950	18 450	18 450	20 121	8 887	22 173
Repairs and Maintenance	16 915	14 897	10 269	13 267	11 990	11 990	11 946	11 946	13 816	15 431
Free services										
Cost of Free Basic Services provided	5 833	7 294	8 023	11 096	11 096	11 304	11 099	11 099	11 571	12 066
Revenue cost of free services provided	6 168	7 938	9 545	16 583	4 109	113 294	3 306	3 306	3 562	3 794
Households below minimum service level										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	0	1	1	1	1	1	0	0	0	0
Energy:	3	4	1	4	4	4	4	4	4	5
Refuse:	0	0	0	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Bitou Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from the anticipated operating surplus to be realized at 30 June 2013. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This is placing the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council needs to take a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back may exceed the MTREF as service delivery requirements also need to receive the appropriate attention.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		91 290	89 541	94 158	126 947	117 195	117 195	130 396	145 758	167 906
Executive and council		20 716	20 540	22 150	42 000	31 742	31 742	1 450	500	550
Budget and treasury office		60 338	68 357	71 108	84 204	84 683	84 683	91 762	96 797	101 996
Corporate services		10 236	644	900	744	770	770	37 184	48 462	65 361
<i>Community and public safety</i>		52 078	41 794	18 684	27 197	51 473	51 473	88 007	12 527	12 940
Community and social services		242	399	2 500	3 938	4 210	4 210	5 789	6 159	6 552
Sport and recreation		824	237	1 916	1 444	3 954	3 954	578	606	637
Public safety		6 159	6 533	5 995	6 029	4 797	4 797	5 356	5 619	5 606
Housing		44 854	34 625	8 273	15 786	38 512	38 512	76 284	144	145
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 148	12 362	15 515	2 308	6 361	6 361	2 534	1 464	1 537
Planning and development		3 148	12 362	15 213	2 262	5 817	5 817	1 394	1 464	1 537
Road transport		-	-	302	46	545	545	1 140	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		145 671	187 998	178 792	196 492	205 668	205 668	218 861	230 566	247 039
Electricity		67 513	87 015	90 027	95 638	97 111	97 111	103 569	113 938	123 899
Water		44 267	59 825	43 253	46 524	47 205	47 205	51 567	55 536	58 733
Waste water management		22 936	27 400	29 327	34 069	41 942	41 942	42 722	38 954	41 074
Waste management		10 955	13 758	16 184	20 260	19 410	19 410	21 004	22 138	23 334
<i>Other</i>	4	1 013	189	189	243	199	199	196	38	40
Total Revenue - Standard	2	293 201	331 884	307 339	353 188	380 896	380 896	439 994	390 353	429 462
Expenditure - Standard										
<i>Governance and administration</i>		84 556	92 934	95 637	89 014	90 110	90 110	93 070	98 354	103 027
Executive and council		46 980	53 808	56 940	34 638	37 866	37 866	30 403	31 867	33 017
Budget and treasury office		18 073	17 139	18 189	30 515	29 110	29 110	20 928	22 429	23 812
Corporate services		19 502	21 988	20 508	23 861	23 135	23 135	41 739	44 057	46 198
<i>Community and public safety</i>		60 932	71 124	52 926	63 081	75 986	75 986	120 266	60 228	63 877
Community and social services		5 319	8 162	7 884	11 145	11 490	11 490	12 407	13 157	13 669
Sport and recreation		11 926	14 302	14 277	17 720	14 771	14 771	16 524	17 403	18 445
Public safety		12 503	17 482	17 562	20 508	19 178	19 178	23 199	24 363	25 786
Housing		31 184	31 147	13 185	13 699	30 546	30 546	68 137	5 305	5 978
Health		-	30	18	9	-	-	-	-	-
<i>Economic and environmental services</i>		27 106	24 736	24 357	25 680	28 040	28 040	30 459	31 274	32 668
Planning and development		10 559	7 852	7 375	8 852	10 789	10 789	11 731	12 170	12 918
Road transport		16 547	16 885	16 982	16 828	17 251	17 251	18 727	19 104	19 749
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		91 386	109 491	121 514	150 043	141 856	141 856	157 382	171 679	186 129
Electricity		53 465	65 455	70 246	89 525	87 266	87 266	96 253	107 513	118 217
Water		16 455	18 716	19 956	22 944	21 212	21 212	25 929	26 350	27 870
Waste water management		10 028	11 594	17 779	18 311	16 228	16 228	15 221	16 507	17 133
Waste management		11 437	13 727	13 534	19 263	17 150	17 150	19 979	21 309	22 909
<i>Other</i>	4	7 452	5 470	3 798	4 595	4 476	4 476	2 882	3 241	3 482
Total Expenditure - Standard	3	271 432	303 756	298 231	332 413	340 469	340 469	404 060	364 775	389 183
Surplus/(Deficit) for the year		21 768	28 128	9 108	20 775	40 428	40 428	35 934	25 578	40 278

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water as well as waste management function. Administrative functions have not been charged to the respective service delivery departments and what seems to be excessive surpluses will be absorbed by the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Council		—	—	—	—	—	—	—	—	—
Vote 2 - Office of the Municipal Manager		20 716	20 540	22 150	42 000	31 742	31 742	37 281	47 476	64 294
Vote 3 - Community Services		63 034	55 552	34 868	47 457	70 883	70 883	109 011	34 665	36 273
Vote 4 - Corporate Services		1 401	428	591	460	409	409	454	347	400
Vote 5 - Financial Services		60 338	68 357	71 108	84 204	84 683	84 683	92 272	97 358	102 608
Vote 6 - Strategic Services		12 996	12 768	15 712	2 789	6 377	6 377	1 979	2 079	2 182
Vote 7 - Municipal Services and Infrastructure Development		134 716	174 240	162 910	176 278	186 802	186 802	198 997	208 428	223 705
Total Revenue by Vote	2	293 201	331 884	307 339	353 188	380 896	380 896	439 994	390 353	429 462
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		7 758	6 518	7 439	7 858	6 899	6 899	5 322	5 658	6 015
Vote 2 - Office of the Municipal Manager		32 440	42 304	43 956	23 426	25 710	25 710	24 263	25 750	26 439
Vote 3 - Community Services		72 369	84 820	66 442	82 335	93 136	93 136	141 608	82 989	88 331
Vote 4 - Corporate Services		18 724	15 841	15 267	16 897	18 090	18 090	17 867	18 363	19 324
Vote 5 - Financial Services		23 367	25 034	24 220	36 346	34 963	34 963	35 708	38 308	40 510
Vote 6 - Strategic Services		19 191	15 595	14 582	16 501	18 280	18 280	20 053	20 943	22 105
Vote 7 - Municipal Services and Infrastructure Development		97 583	113 645	126 326	149 051	143 392	143 392	159 239	172 765	186 458
Total Expenditure by Vote	2	271 432	303 756	298 231	332 413	340 469	340 469	404 060	364 775	389 183
Surplus/(Deficit) for the year	2	21 768	28 128	9 108	20 775	40 428	40 428	35 934	25 578	40 278

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Bitou Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	54 912	63 139	66 730	82 912	82 255	82 255	82 255	90 447	95 331	100 479
Property rates - penalties & collection charges		2 332	2 780	3 162	3 306	3 306	3 306	3 306	3 300	3 300	3 400
Service charges - electricity revenue	2	62 219	74 500	88 977	94 443	93 555	93 555	93 555	102 415	109 761	117 635
Service charges - water revenue	2	23 227	28 256	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	2	21 834	25 259	28 085	32 497	32 412	32 412	32 412	35 165	37 054	39 055
Service charges - refuse revenue	2	10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 417	901	763	2 060	1 181	1 181	1 181	1 213	1 104	1 153
Interest earned - external investments		3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 412	5 725	5 144	4 988	3 600	3 600	3 600	4 107	4 308	4 209
Licences and permits		27	61	94	240	75	75	75	74	77	81
Agency services		-	-	761	850	1 150	1 150	1 150	1 208	1 288	1 350
Transfers recognised - operational		62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	48 951	65 436
Other revenue	2	19 418	8 732	6 647	7 953	9 955	9 955	9 955	6 455	6 877	7 311
Gains on disposal of PPE		321	-	391	11 100	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		268 290	270 669	280 642	330 212	338 322	338 322	338 322	403 548	367 882	403 250
Expenditure By Type											
Employee related costs	2	89 656	102 158	100 822	111 061	111 939	111 939	111 939	127 524	135 754	144 557
Remuneration of councillors		2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Debt impairment	3	7 570	12 124	10 468	20 612	12 800	12 800	12 800	15 019	15 914	16 870
Depreciation & asset impairment	2	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 035	21 728	22 380
Finance charges		7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 845	13 837	13 684
Bulk purchases	2	40 644	50 582	56 600	73 882	71 745	71 745	71 745	77 582	83 783	90 478
Other materials	8	-	-	-	2 880	2 822	2 822	2 822	3 128	3 294	3 558
Contracted services		10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 713	21 443	21 997
Transfers and grants		422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	4, 5	99 934	99 170	77 914	60 587	79 532	79 532	79 532	119 110	61 081	67 200
Loss on disposal of PPE		-	734	25	-	-	-	-	-	-	-
Total Expenditure		271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 060	364 775	389 183
Surplus/(Deficit)		(3 142)	(33 087)	(17 589)	(2 201)	(2 147)	(2 147)	(2 147)	(512)	3 107	14 066
Transfers recognised - capital		24 910	61 215	26 697	22 976	42 575	42 575	42 575	36 447	22 471	26 212
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R403.5 million in 2013/14 and evens out at R403.25 million by 2015/16. This represents a year-on-year decrease of 8.83 per cent for the 2014/15 financial year and an increase of 9.61 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R90.4 million in the 2013/14 financial year and increases to R100.47million by 2015/16 which represents 22.4 per cent of the operating revenue base of Bitou Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.5 per cent, 5.4 per cent and 5.4 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Bitou Municipality totaling R192.9 million for the 2013/14 financial year and increasing to R218.1 million by 2015/16. For the 2013/14 financial year services charges amount to 47.81 per cent of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the reduction in the operating grants from 2013/2014 to 2014/2015 is as a result of the allocation for housing not yet being promulgated for the outer years of the MTREF. The equitable share increases by 26.7% for the 2013/2014 year and by 38.5% and 40.2% for the 2014/2015 and 2015/2016 year respectively.
5. The following graph illustrates the major expenditure items per type.

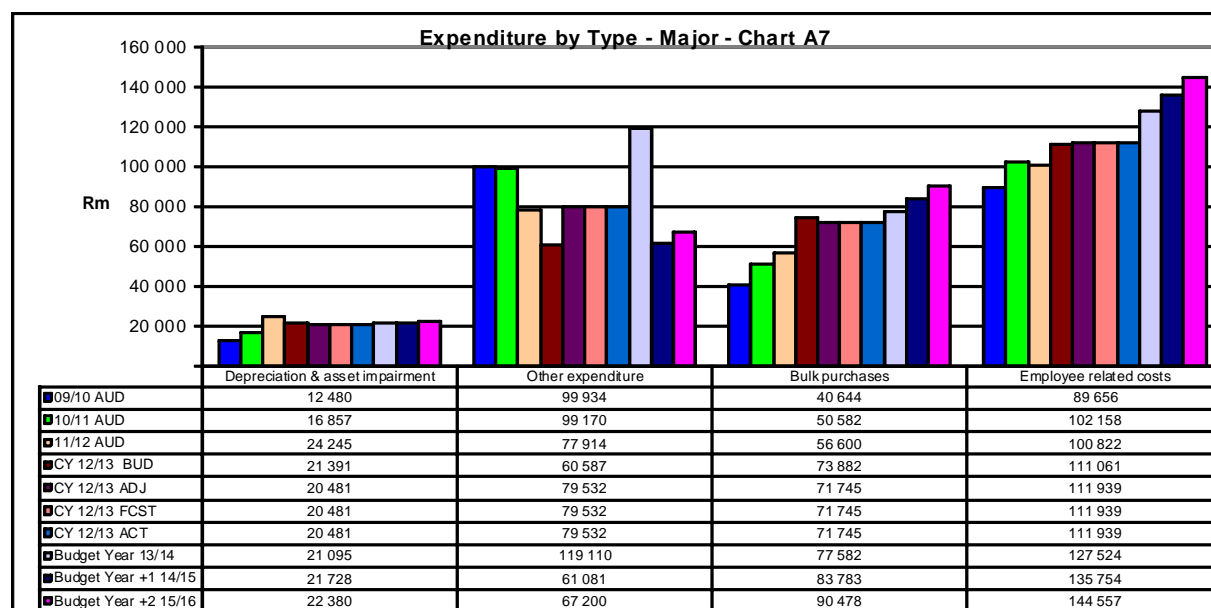


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2012/2013 to 2015/2016 period escalating from R71.7 Million to R90.47 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	—	—	—	—	—	—
Vote 3 - Community Services		10 048	9 643	3 302	4 300	400	400	400	5 966	7 129	7 000
Vote 4 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Financial Services		—	—	—	—	—	—	—	—	1 000	1 000
Vote 6 - Strategic Services		—	—	—	—	—	—	—	—	—	—
Vote 7 - Municipal Services and Infrastructure Development		18 590	17 839	6 108	7 955	15 955	9 455	9 455	19 859	10 609	—
Capital multi-year expenditure sub-total	7	28 638	27 482	9 409	12 255	16 355	9 855	9 855	25 845	18 738	8 000
Single-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	40	40	40	350	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	12	12	12	128	—	—
Vote 3 - Community Services		68	65	22	29	6 415	4 915	4 915	15 366	1 116	4 297
Vote 4 - Corporate Services		—	—	—	—	50	50	50	450	—	—
Vote 5 - Financial Services		—	—	—	—	160	160	160	910	—	—
Vote 6 - Strategic Services		8 179	7 849	2 687	3 500	470	470	470	445	—	—
Vote 7 - Municipal Services and Infrastructure Development		71 722	68 826	23 555	30 692	35 873	35 873	35 873	8 647	11 924	23 327
Capital single-year expenditure sub-total		79 970	76 740	26 275	34 221	43 020	41 520	41 520	26 316	13 041	27 624
Total Capital Expenditure - Vote		108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624
Capital Expenditure - Standard											
Governance and administration		5 649	12 418	2 807	3 500	712	712	712	1 880	1 000	1 000
Executive and council		298	126	43	—	112	112	112	478	—	—
Budget and treasury office		5 351	12 292	2 434	—	—	—	—	600	1 000	1 000
Corporate services		—	—	330	3 500	600	600	600	802	—	—
Community and public safety		34 292	28 957	17 366	29	3 715	2 215	2 215	16 716	3 245	6 297
Community and social services		4 143	4 640	9 625	—	455	455	455	1 799	795	1 065
Sport and recreation		1 278	6 185	2	29	3 260	1 760	1 760	351	—	2 822
Public safety		1 441	1 411	759	—	—	—	—	1 498	2 450	2 410
Housing		27 431	16 721	7 000	—	—	—	—	13 068	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		27 223	10 347	6 226	6 749	16 425	16 425	16 425	4 544	8 601	10 596
Planning and development		1 571	26	28	—	20	20	20	403	—	—
Road transport		25 652	10 321	6 198	6 749	16 405	16 405	16 405	4 141	8 601	10 596
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		41 220	52 499	9 265	36 198	38 523	32 023	32 023	29 021	18 932	17 732
Electricity		21 547	14 428	1 795	9 500	3 521	3 521	3 521	3 449	6 993	4 885
Water		15 403	36 291	6 733	15 391	15 341	11 841	11 841	10 273	3 084	7 846
Waste water management		4 191	1 779	546	7 007	16 561	13 561	13 561	10 643	3 855	—
Waste management		79	—	190	4 300	3 100	3 100	3 100	4 655	5 000	5 000
Other		224	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	3	108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624
Funded by:											
National Government		50 958	51 043	11 962	15 368	28 803	25 803	25 803	19 885	19 233	22 069
Provincial Government		—	—	—	7 608	13 772	10 272	10 272	12 131	545	1 065
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	3 000	1 500	1 500	—	—	—
Transfers recognised - capital	4	50 958	51 043	11 962	22 976	45 575	37 575	37 575	32 026	19 778	23 124
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	28 598	17 296	5 520	20 000	13 310	13 310	13 310	16 395	10 000	10 000
Internally generated funds		29 051	35 883	18 202	3 500	490	490	490	3 741	2 000	2 500
Total Capital Funding	7	108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R52,161 million for the 2013/14 financial year and reduces to R31,7 million and R35,6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Bitou Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year anticipated surpluses. For 2013/14, capital transfers totals R32.025 million (61.4 per cent) and reduces to R23.12 million by 2015/16 (64.9 per cent). Borrowing has been provided at R36.395 million over the MTREF with internally generated funding totaling R8.24 million for the 3 years of the MTREF. The spending of capital from internally generated funds will be dependent on a cash surplus being realized as at 30 June of the preceding financial year.

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		11 465	6 483	1 576	3 860	7 037	7 037	7 037	(2 348)	(7 489)	(15 735)
Call investment deposits	1	5 109	10 191	27 044	–	16 734	16 734	16 734	35 000	70 000	120 000
Consumer debtors	1	25 820	36 252	43 298	28 635	31 418	31 418	31 418	31 418	31 418	31 418
Other debtors		14 216	11 034	1 326	10 438	2 315	2 315	2 315	2 315	2 315	2 315
Current portion of long-term receivables		–	–	–	75	78	78	78	79	81	52
Inventory	2	2 793	2 180	1 908	2 450	1 908	1 908	1 908	2 415	2 936	3 471
Total current assets		59 433	66 149	75 152	45 458	59 489	59 489	59 489	68 878	99 257	141 519
Non current assets											
Long-term receivables		–	–	–	161	212	212	212	133	52	–
Investments		3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 882	5 199	5 486
Investment property		97 580	97 422	97 254	91 817	97 254	97 254	97 254	97 087	96 919	96 752
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	441 017	527 958	544 149	589 742	583 042	583 042	583 042	614 859	625 659	639 648
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		8 379	9 287	4 766	8 753	4 766	4 766	4 766	4 182	3 600	3 019
Other non-current assets		373	291	212	38	–	–	–	–	–	–
Total non current assets		551 029	638 930	650 655	694 482	689 549	689 875	689 875	721 153	731 429	744 915
TOTAL ASSETS		610 461	705 079	725 808	739 941	749 038	749 365	749 365	790 031	830 686	886 434
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	4 637	7 851	9 444	11 410	9 444	9 444	9 444	12 795	13 531	14 423
Consumer deposits		3 948	4 282	4 477	4 902	4 477	4 477	4 477	4 791	5 120	5 467
Trade and other payables	4	60 392	96 468	68 363	57 950	57 553	57 553	57 553	46 888	48 838	43 514
Provisions		11 435	14 517	15 605	13 536	860	860	860	1 600	893	443
Total current liabilities		80 411	123 118	97 889	87 798	72 324	72 324	72 324	66 079	68 382	63 847
Non current liabilities											
Borrowing		85 372	94 754	114 195	123 155	114 195	116 857	116 857	116 920	112 653	107 337
Provisions		36 538	48 014	65 424	59 959	65 424	65 424	65 424	77 103	89 507	102 682
Total non current liabilities		121 911	142 769	179 619	183 124	179 619	182 281	182 281	194 023	202 160	210 019
TOTAL LIABILITIES		202 322	265 887	277 507	270 922	251 942	254 605	254 605	260 102	270 541	273 866
NET ASSETS	5	408 139	439 193	448 301	469 018	497 096	494 760	494 760	529 930	560 145	612 569
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		406 037	437 851	448 301	460 177	497 096	494 760	494 760	527 930	557 145	609 069
Reserves	4	2 102	1 342	–	8 842	–	–	–	2 000	3 000	3 500
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	408 139	439 193	448 301	469 018	497 096	494 760	494 760	529 930	560 145	612 569

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		181 006	224 069	245 144	259 292	259 292	259 292	259 292	265 393	302 232	320 061
Government - operating	1	62 329	46 392	32 113	38 632	38 632	38 632	38 632	102 052	48 961	65 436
Government - capital	1	24 910	61 215	26 697	22 976	22 976	22 976	22 976	36 447	22 471	26 212
Interest		3 917	3 964	4 775	506	506	506	506	1 770	1 500	1 660
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		(220 797)	(236 268)	(258 320)	(270 273)	(270 046)	(270 046)	(270 046)	(350 319)	(294 428)	(316 054)
Finance charges		(7 604)	(10 496)	(12 792)	(14 112)	(14 112)	(14 112)	(14 112)	(13 845)	(13 837)	(13 684)
Transfers and Grants	1	—	—	(10 999)	(3 380)	(3 380)	(3 380)	(3 380)	(2 577)	(3 175)	(3 410)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 760	88 865	26 619	33 641	33 868	33 868	33 868	58 919	63 724	80 210
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		321	2 815	—	11 100	—	—	—	—	—	—
Decrease (increase) in non-current debtors		269	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	88	77	70	70	70	70	—	—	—
Decrease (increase) in non-current investments		(303)	(302)	(303)	—	—	—	—	—	—	—
Payments											
Capital assets		(108 608)	(104 221)	(36 684)	(46 476)	(46 476)	(46 476)	(46 476)	(50 335)	(30 666)	(34 377)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(108 321)	(101 622)	(35 911)	(35 306)	(46 406)	(46 406)	(46 406)	(50 335)	(30 666)	(34 377)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		27 193	19 084	30 330	20 000	13 310	13 310	13 310	12 000	10 000	10 000
Increase (decrease) in consumer deposits		296	334	195	321	321	321	321	314	329	347
Payments											
Repayment of borrowing		(4 157)	(6 582)	(9 297)	(9 854)	(9 854)	(9 854)	(9 854)	(12 795)	(13 531)	(14 423)
NET CASH FROM/(USED) FINANCING ACTIVITIES		23 331	12 836	21 228	10 467	3 777	3 777	3 777	(481)	(3 202)	(4 076)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	57 833	16 604	16 684	(4 952)	28 620	28 620	28 620	19 859	27 962	57 817
Cash/cash equivalents at the year end:	2	16 604	16 684	28 620	3 849	19 859	19 859	19 859	27 962	57 817	99 575

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of Bitou Municipality fell significantly in the 2009/10 year in the amount of R41,229 Million and remained even in the 2010/2011 financial year, there was an increase in cash and cash equivalents for the 2011/12 period, R11,936 Million and a further increase is expected for 2012/2013 improving over the MTREF.
4. A cash surplus is expected over the MTREF indicating that the budget is cash backed in respect of cash in and out flows.

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	16 604	16 684	28 620	3 849	19 869	19 869	19 869	27 962	57 817	99 575
Other current investments > 90 days		0	(0)	0	11	3 912	3 912	3 912	–	–	–
Non current assets - Investments	1	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Cash and investments available:		20 273	20 655	32 895	7 832	28 046	28 372	28 372	32 854	63 017	105 070
Application of cash and investments											
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	2 456	14 997	(19 271)	12 100	8 325	8 325	8 325	14 647	16 670	11 397
Other provisions		47 973	62 531	81 029	73 505	66 274	66 274	66 274	78 703	90 400	103 124
Long term investments committed	4	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Reserves to be backed by cash/investments	5	2 102	1 342	–	8 842	–	–	–	2 000	3 000	3 500
Total Application of cash and investments:		78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 242	115 269	123 517
Surplus(shortfall)		(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(67 388)	(52 252)	(18 447)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2015/16 a shortfall is reflected, it does however improve over the remainder of the MTREF indicating a slow financial recovery that would extend past the outer years of the MTREF.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2012/13 MTREF was not funded owing to the significant deficit.

Table 25 MBRR Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	108 608	104 221	24 308	24 855	36 425	32 925	32 040	22 891	13 451
Infrastructure - Road transport		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Infrastructure - Electricity		21 499	14 872	114	850	3 911	3 911	-	5 993	4 386
Infrastructure - Water		15 380	36 221	6 448	8 355	7 955	4 455	9 175	3 684	1 000
Infrastructure - Sanitation		5 755	1 138	197	-	4 300	4 300	-	-	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 420	5 000	5 000
Infrastructure		93 436	69 163	13 335	21 326	31 713	28 213	26 811	19 646	10 386
Community		7 005	10 623	2 158	-	850	850	1 355	350	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8 167	22 963	8 815	3 529	3 862	3 862	3 875	2 895	3 065
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 472	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	11 376	21 621	22 950	18 450	20 121	8 887	22 173
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Infrastructure - Electricity		-	-	1 667	9 000	250	250	2 283	1 000	500
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796
Infrastructure - Sanitation		-	-	350	4 471	8 400	5 400	10 233	3 555	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	2 234	21 621	19 850	16 850	15 066	8 887	18 841
Community		-	-	9 142	-	3 100	1 600	-	-	2 632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	5 055	-	700
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		27 633	10 305	6 194	4 213	16 375	16 375	3 516	8 901	10 546
Infrastructure - Electricity		21 499	14 872	1 781	9 850	4 161	4 161	2 283	6 993	4 886
Infrastructure - Water		15 380	36 221	6 665	12 505	8 455	4 955	9 425	4 084	8 796
Infrastructure - Sanitation		5 755	1 138	546	4 471	12 700	9 700	10 233	3 555	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 420	5 000	5 000
Infrastructure		93 436	69 163	15 570	42 947	51 563	45 063	41 877	28 533	29 227
Community		7 005	10 623	11 300	-	3 950	2 450	1 355	350	2 632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8 167	22 963	8 815	3 529	3 862	3 862	8 930	2 895	3 765
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 472	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	108 608	104 221	35 684	46 476	59 375	51 375	52 161	31 778	35 624
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	75 568	86 487	85 961	86 909	98 863	98 863	98 976	104 246	110 896
Infrastructure - Electricity		47 109	62 344	62 827	70 045	64 714	64 714	64 770	69 347	71 714
Infrastructure - Water		85 713	129 530	131 511	138 800	135 216	135 216	139 833	139 072	142 850
Infrastructure - Sanitation		58 223	50 765	56 767	59 020	67 110	67 110	74 772	75 691	73 122
Infrastructure - Other		295	130	295	11 761	9 822	9 822	25 370	29 347	33 182
Infrastructure		266 908	329 257	337 361	366 534	375 725	375 725	403 720	417 703	431 764
Community		11 101	21 998	31 758	30 608	34 496	34 496	34 659	33 831	35 225
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		97 590	97 422	97 254	91 817	97 254	97 254	97 087	96 919	96 752
Other assets		163 008	176 703	175 030	192 600	172 821	172 821	176 479	174 125	172 658
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		8 379	9 287	4 766	8 753	4 766	4 766	4 182	3 600	3 019
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	546 986	634 668	646 169	690 312	685 062	685 062	716 129	726 178	739 419
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380
Repairs and Maintenance by Asset Class	3	16 915	14 897	10 269	13 267	11 990	11 990	11 946	13 816	15 431
Infrastructure - Road transport		2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765
Infrastructure - Electricity		1 290	1 300	1 688	1 396	1 746	1 746	690	1 855	2 056
Infrastructure - Water		949	341	31	1 999	593	593	831	971	1 030
Infrastructure - Sanitation		1 675	1 324	959	1 725	1 920	1 920	1 848	2 226	2 375
Infrastructure - Other		748	2 117	881	650	650	650	690	700	710
Infrastructure		6 851	5 941	5 352	7 212	6 268	6 268	5 539	7 426	7 937
Community		2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	7 505	5 932	2 908	3 491	3 320	3 320	4 798	4 691	5 698
TOTAL EXPENDITURE OTHER ITEMS		29 396	31 754	34 514	34 657	32 471	32 471	33 041	35 544	37 811
Renewal of Existing Assets as % of total capex		0.0%	0.0%	31.9%	46.5%	38.7%	35.9%	38.6%	28.0%	62.2%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Bitou Municipality's strategy to address the maintenance backlog.

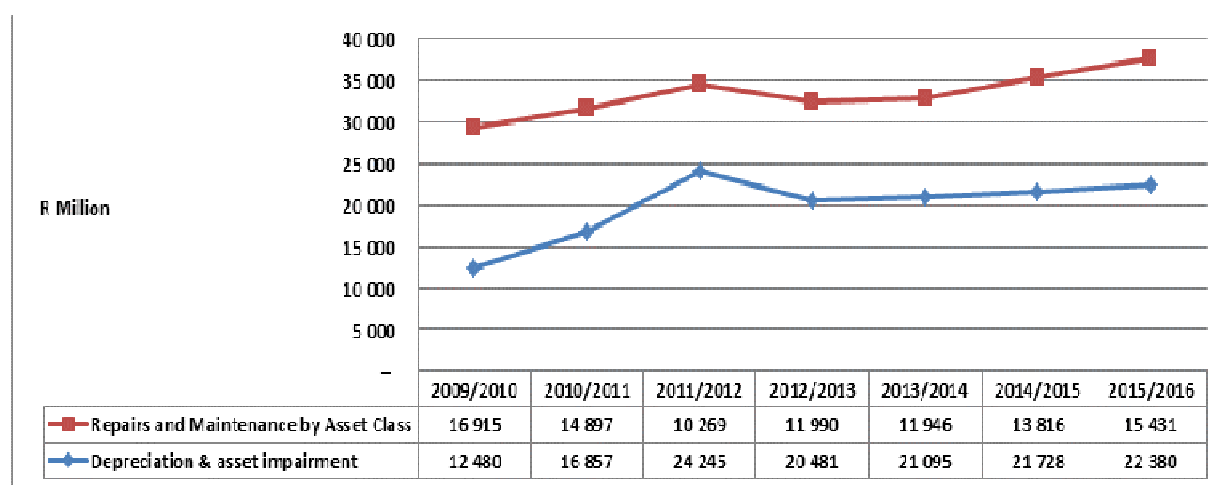


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		8 427	12 926	13 103	10 323	10 323	10 323	10 873	11 543	12 243
Piped water inside yard (but not in dwelling)		5 272	5 642	6 000	6 459	6 459	6 459	6 782	7 121	7 477
Using public tap (at least min.service level)	2	243	1 035	1 035	298	298	298	398	448	518
Other water supply (at least min.service level)	4	996	-	-	1 220	1 220	1 220	1 281	1 345	1 412
<i>Minimum Service Level and Above sub-total</i>		14 938	19 603	20 138	18 300	18 300	18 300	19 334	20 457	21 650
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4	150	160	171	183	183	183	192	202	212
No water supply										
<i>Below Minimum Service Level sub-total</i>		150	160	171	183	183	183	192	202	212
Total number of households	5	15 088	19 763	20 309	18 483	18 483	18 483	19 526	20 659	21 862
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		13 716	13 563	13 727	16 802	16 802	16 802	17 449	17 799	18 099
Flush toilet (with septic tank)			372	372				-	-	-
Chemical toilet			4	4				-	-	-
Pit toilet (ventilated)	2	2	2	474	1 104	1 104	1 104	457	107	-
Other toilet provisions (> min.service level)				801				-	-	-
<i>Minimum Service Level and Above sub-total</i>		13 718	13 941	15 378	17 906	17 906	17 906	17 906	17 906	18 099
Bucket toilet		167	179	192	205	205	205	204	116	59
Other toilet provisions (< min.service level)		303	325	348	372	372	372	222	122	72
No toilet provisions				173	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		470	505	713	578	578	578	427	239	132
Total number of households	5	14 188	14 446	16 091	18 484	18 484	18 484	18 333	18 145	18 231
Energy:										
Electricity (at least min.service level)		1 359	4 827	4 866	1 665	1 665	1 665	1 965	2 315	2 815
Electricity - prepaid (min.service level)		10 428	4 572	4 777	12 775	12 775	12 775	13 275	14 025	14 875
<i>Minimum Service Level and Above sub-total</i>		11 787	9 399	9 643	14 440	14 440	14 440	15 240	16 340	17 690
Electricity (< min.service level)										
Electricity - prepaid (< min.service level)										
Other energy sources		3 300	3 531	644	4 043	4 043	4 043	4 245	4 457	4 680
<i>Below Minimum Service Level sub-total</i>		3 300	3 531	644	4 043	4 043	4 043	4 245	4 457	4 680
Total number of households	5	15 087	12 930	10 287	18 483	18 483	18 483	19 485	20 797	22 370
Refuse:										
Removed at least once a week		14 919	15 087	15 186	18 277	18 277	18 277	18 827	19 707	20 707
<i>Minimum Service Level and Above sub-total</i>		14 919	15 087	15 186	18 277	18 277	18 277	18 827	19 707	20 707
Removed less frequently than once a week		123	131	140	150	150	150	210	265	353
Using communal refuse dump		0	0	0	0	0	0	0	1	1
Using own refuse dump		39	42	44	48	48	48	50	52	55
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		6	7	7	8	8	8	6	6	7
<i>Below Minimum Service Level sub-total</i>		168	180	193	206	206	206	267	324	415
Total number of households	5	15 087	15 267	15 379	18 483	18 483	18 483	19 093	20 031	21 122
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		5 158	6 270	6 583	6 715	5 443	5 443	6 003	6 703	7 553
Sanitation (free minimum level service)		1 750	2 127	2 233	2 278	2 278	2 278	2 778	3 478	4 328
Electricity/other energy (50kwh per household per month)		3 488	4 240	4 452	4 541	6 170	6 170	6 370	6 570	6 870
Refuse (removed at least once a week)		1 750	2 127	2 233	2 278	2 278	2 278	2 728	3 078	3 538
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		1 476	1 805	1 986	1 692	1 692	1 692	1 693	1 694	1 695
Sanitation (free sanitation service)		1 242	1 523	1 676	3 110	3 110	3 110	3 111	3 266	3 429
Electricity/other energy (50kwh per household per month)		1 999	2 689	2 958	2 125	2 125	2 125	2 126	2 232	2 344
Refuse (removed once a week)		1 117	1 277	1 404	4 169	4 169	4 169	4 170	4 378	4 597
Total cost of FBS provided (minimum social package)		5 833	7 294	8 023	11 096	11 096	11 304	11 099	11 571	12 066
Highest level of free service provided										
Property rates (R value threshold)		100 000	330 000	330 000	350 000	350 000	350 000	425 000	503 000	563 000
Water (kilolitres per household per month)		6	6	6	6	6	6	7	8	8
Sanitation (kilolitres per household per month)	n/a	n/a	n/a	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		82	106	107	114	114	114	119	125	132
Electricity (kwh per household per month)		50	50	50	50	50	50	53	55	58
Refuse (average litres per week)		240	240	358	153	153	153	-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		286	592	636			109 185	109	205	270
Property rates (other exemptions, reductions and rebates)		49	52	56	13 540	1 066	1 066	1	1	1
Water		1 476	1 805	2 022	197	197	197	207	218	229
Sanitation		1 242	1 523	1 676	638	638	638	670	703	738
Electricity/other energy		1 999	2 689	3 254	1 988	1 988	1 988	2 087	2 192	2 301
Refuse		1 117	1 277	1 902	220	220	220	231	243	255
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	6 168	7 938	9 545	16 583	4 109	113 294	3 306	3 562	3 794

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 20 August 2012. Key dates applicable to the process were:

- **September 2012**– An IDP workshop and IDP steering committee of the Mayoral Committee and Executive Management.
- **September 2012** – Hosting of Ward meetings
- **October 2012** – IDP steering committee to do GAP analysis and profile workshop.
- **November 2012** – Strategic Workshop to determine strategic direction of the municipality for the MTREF
- **January 2013** – Approval of the adjustment budget for 2012/2013
- **February 2013** – Prioritization of projects for inclusion in the 2013/2014 budget and MTREF
- **28 March 2013** – Tabling of the draft budget before council
- **1 to 30 April 2013** – Public participation on the draft budget
- **31 May 2013** – Submission of the budget to council for consideration and approval

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The 2013/2014 and MTREF is the beginning of a new IDP Cycle and the consultation process commenced after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August 2012.

Bitou Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the approved adjustments budget.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2012/13 budget.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Growth in the Local Economy
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns as evident from Census 2011)
- Performance trends
- The approved 2012/13 adjustments budget and Year to Date performance
- Cash Flow Management Strategy
- Debtor payment levels
- Dealing with inherited legacy issues
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the contents of the National Treasury's MFMA Circulars 66 and 67 have been taken into account in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2013/14 MTREF tabled before Council was published in the local media and municipal notice boards, libraries and on the municipality's website to afford the community the opportunity to provide input on the draft budget and to ensure transparency in the financial management processes of the municipality.

Public meetings took place on the dates and at the venues as reflected in the table below:

Wards	Residential Area's	Meeting Venue	Date	Time
Ward 1	Covey and Natures Valley	Covey Community Hall	08/04/13	18:00
Ward 1	Green Valley and Wittedrift	Green Valley Community Hall	09/04/13	18:00
Ward 1	Kurland	Crags Community Hall	10/04/13	18:00
Ward 7	Kranshoek	Kranshoek Community Hall	11/04/13	18:00
Ward 5	Kwa-Nokuthula	Simunye Community Hall	15/04/13	18:00
Ward 2	Town	Piesang Valley Community Hall	16/04/13	18:00
Ward 3	Qolweni/Bossiesgif	Bicycle Shed	18/04/13	18:00
Ward 4	New Horizons	New Horizons Community Hall	22/04/13	18:00
Ward 7	Harkerville	Harkerville Community Hall	23/04/13	18:00
Ward 1	Keurbooms	Dunes Hotel	24/04/13	18:00
Ward 6	Kwa-Nokuthula	Simunye Community Hall	25/04/13	18:00

The input received from the local community is summarised hereunder:

With the exception of the meeting held at the Dunes resort where Keurbooms residents attended, all the communities prioritised the need for housing and related infrastructure to be addressed as a matter of urgency.

The Communities of Kranshoek, Kurland, Covey, Harkerville, Kwanokuthula, Green Valley as well as Plettenberg Bay also requested attention to be given to the maintenance of roads, the installation of speed reducing measures as well as street lighting and community safety through law enforcement agencies to be enhanced. Covey residents requested gravel to be provided in order to allow them to perform maintenance on the access road themselves.

The community in Kwanokuthula raised the issue regarding water management devices that is budgeted in the outer years of the MTREF and it was explained by the municipal manager that it is necessary to curb uncontrolled consumption and that it is not a pre-paid water system.

Credit control matters were raised in Kranshoek and Green Valley community meetings and alternative methods to recover debt was explained. The community in Green valley as well as Kurland raised the issue of the neatness of the town and surroundings and a commitment from the Community Services department was given to address the matters as a matter of priority. Green valley community also requested mirrors to be installed to ensure safe crossing of the N2 by pedestrians.

Kranshoek residents requested that the budget information be presented in the form of a workshop to enable them to better understand the technicalities of the budget.

The general state of houses built in previous housing projects were also a topic of discussion at various meetings and the housing section committed to approach the housing department for funding to repair the houses.

The availability of land for housing was a concern for the community in Harkerville and job creation, involvement of local contractors in projects and local economic development was raised as a priority in all ward meetings.

Plettenberg Bay community enquired about the valuation roll and current development priorities as well as the operations of the airport and the cost to the municipality.

Communities also raised a concern regarding the subsidization of indigent consumers with the need for strict monitoring and evaluation prior to the payment of subsidies.

The community in Keurbooms enquired about the charging of B&B rates for residential properties and a concern was raised with regards to the finalisation of the rezoning applications in order to effect a reduction in the assessment rates prior to the commencement of the 2013/2014 financial year. The quality of electricity supply to the Keurbooms area was also raised as a concern as electricity interruptions occur on a regular basis in that area of supply.

Ward 2 and 5 representatives questioned the functioning and cost of the desalination plant, and it was explained that it is functional and necessary to supplement supply in peak demand season.

Bossiesgif and Qolweni residents required clarity on the Taxi rank, the taxi route that was done through conditional grant funding, the need for speed humps, sports fields and the drop off facilities for commuters and land for housing.

Ward 4 representatives highlighted the need for economic upliftment, the need for a cemetery, the need to control stray cattle, prioritization of housing allocations, the quality of housing, the need for a MPC and additional sport facilities and general neatness of the town.

Plettenberg Bay guesthouse and B&B owners still has a concern about the differentiation in tariffs applicable to them and an appeal is made to council to consider differentiating on turnover instead of the numbers of rooms.

An objection against the town planning fees were also received as it is alleged that the fees for Bitou is much higher than neighbouring municipalities, the town planning section has indicated that it is necessary to ensure the principle of "user pays" and that town planning fees should not be subsidized by ratepayers, which has been the case thus far.

Communities echoed the fact that communication should be more direct and focussed and that they needed to be informed of the progress with regards to their needs and priorities that were contained in prior year IDP and Budgets.

The written input received is annexed hereto for information and consideration purposes prior to the final approval of the budget.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. This is the first year of a new IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Bitou Municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan

Table 27 IDP Strategic Objectives

2013/14 MTREF	
1.	To ensure efficient and affordable basic services to all residents of Bitou
2.	To strengthen the economy of Bitou for sustainable growth and job creation
3.	To develop a municipal governance system that complies with international best practise
4.	Create an institution that can align planning with implementation for effective and efficient service delivery
5.	To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality

In order to ensure integrated and focused service delivery between all spheres of government it was important for Bitou Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;
 - o Provide sanitation;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide city planning services; and
 - o Maintaining the infrastructure of Bitou Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is spatial development framework for Bitou Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Effective implementation of the Indigent Policy;
 - o Extending waste removal services and ensuring an effective cleansing service;
 - o Ensuring all waste water treatment works are operating optimally and retaining green drop status;
 - o Creating a safe environment for our communities in collaboration with the SAPS;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands, the seashore and key public open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound transparent and accountable governance through:
 - o Publishing the outcomes of all tender processes on the municipal website
 - o Establishing a well-functioning audit- and oversight committee and MPAC

- Carefully evaluating all spending decisions
- Limiting the use of consultants and reviewing the use of contracted services
- Ensuring value for money spending in all procurement processes.
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

- o Implementation of the revised organizational structure to optimize the use of personnel;

In addition to the five-year IDP, Bitou Municipality needs to undertake an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 15 to 20 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy needs to target future developmental opportunities in traditional dormitory settlements. It should provide direction to Bitou Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources from the municipality and other service delivery partners.

The 2013/14 MTREF has therefore been directly informed by the IDP process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

[illegible]

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
				R thousand								
Basic Services and Infrastructure Development	A			165 316	192 417	185 104	221 858	227 239	227 239	288 774	242 891	261 064
Local Economic Development	B			21 038	17 741	14 809	18 244	19 836	19 836	19 632	20 772	22 117
Financial Viability	C			9 111	11 470	12 306	22 065	19 657	19 657	30 608	32 760	34 773
Institutional Development	D			30 278	28 966	23 915	28 016	28 243	28 243	28 109	29 299	31 048
Good Governance and Transformation	E			45 689	53 163	62 098	42 229	45 494	45 494	36 937	39 052	40 182

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Basic Services and Infrastructure Development		A		100 163	103 207	32 149	42 976	58 643	50 643	49 297	30 617	34 424
Local Economic Development		B		7 255	58	25	–	20	20	705	–	190
Financial Viability		C		87	70	3 130	–	100	100	910	1 000	1 000
Institutional Development		D		174	140	60	–	112	112	460	–	–
Good Governance and Transformation		E		929	746	320	3 500	500	500	789	161	9
		F										
		G										
		H										

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Bitou Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

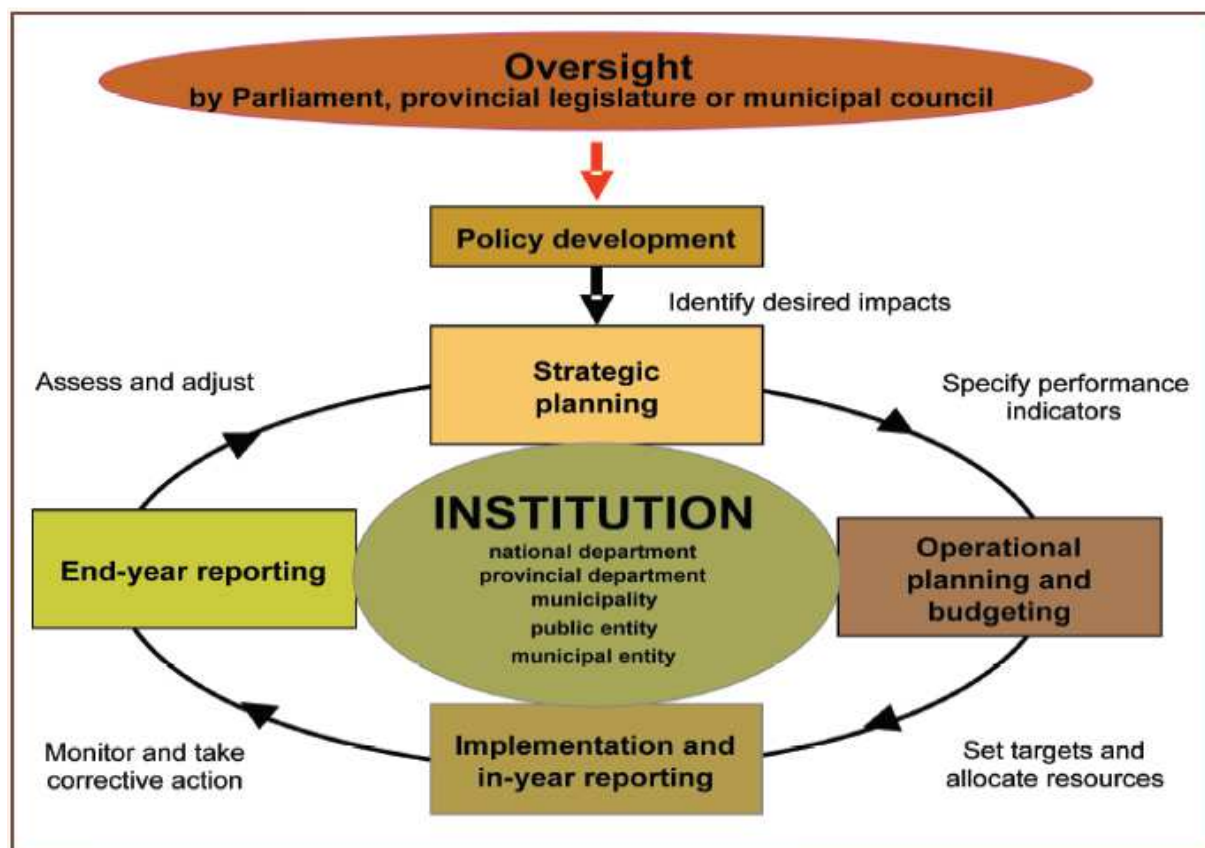


Figure 5 Planning, budgeting and reporting cycle

The performance of Bitou Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Bitou Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Bitou Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Municipal Services and Infrastructure Development										
Water										
Water Distribution										
Reduction in Backlogs: Access to Water										
Number of new water connections	number	331	252	177					600 000	
Replacement and improvement of Whalerock pumping scheme and associated drainage networks - Whalerock						8 000 000		515 000		
Relocation of pump station Poorljes	1							2 955 000		
Upgrade inlet works for the Kurland Treatment Works	1									
Upgrade of Kwano Outfall sewer	%		1	1				737 000		
% of the water maintenance budget spent	%							8 437 000	2 684 000	
Complete Phase 3 of the upgrade of the water supply and								400 000	1 000 000	
Installation of suction booster system	number									6 796 000
Complete Phase 1 and 2 for the construction of the new										
Replacement of ac pipes (reticulation and upgrade)										
New rising main from Rodefontein to Water Purification Works	Document					850 000		540 000		
Upgrade Oxi to ozone generators	%	1	1			380 000				450 000
Review the Water Service Development Plan										
Capital Budget spent	%									
Waste Water/ Sanitation										
Waste Water/Sanitation Management										
Review the Waste Water Master Plan by the end of June	Document							400 000		
Refurbish Pump station 23, 2, 3 - Kwano	3					1 000 000		3 000 000		
Number of new sewer connections	Number	314	210	145						
% of the sanitation maintenance budget spent	%		1	1						
Capital Budget spent	%	1	1							
Storm Water										
Development of a Stormwater Master Plan by the end of June 2014	Document					280 000		450 000		
% of the storm water maintenance budget spent	%		1	1						
New stormwater pipe improvements	Channels and pipelines							300 000	3 294 000	4 282 000
Maintain existing stormwater infrastructure in all wards										
Roads										
Roads										
Reseal existing road	Km					4 000 000		2 000 000	1 000 000	1 000 000
Construction of new roads	Km		4						2 632 000	5 263 000
Construction of a new taxi route	Km							1 216 000	4 970 000	
Review of the Pavement Management System	Document									
Capital Budget spent	%	1	1							
% of the roads maintenance budget spent	%		1	1						
Electricity										
Electricity										
Completion of 66kV feeder bay at Robberg										
Upgrade of transformer from 10 MVA to 20MVA at Robberg										
New substation for Kwano (Phase 1 civil works)						250 000		1 270 000		4 386 000
Provision of new Electricity connections	Number	287	509	244				2 632 000		
New electricity connections for Kwano and Bossiesgriff/Oolweni	Number (350)									
New electricity connections for Kurland Zawa Zawa	Number (102)				500 000	500 000	500 000			
Upgrade mv cables Plett	Number								500 000	
Installation of new high mast lights	Number								3 361 000	
Replacement of existing sub stations	Number								500 000	500 000
% of the electricity maintenance budget spent	%		1	1						
Capital Budget spent	%	1	1							
New streetlights	Number		22							
MIG Capital Spending	%	1	1	1						
Financial Services										
Revenue Services										
Indigent Administration	Number of Subsidies				1 800	1 800	1 800	2 440	2 440	2 440
Access to free basic Services										
Debtors Administration	Number of Subsidies				5 200	5 200	5 200	5 500	5 500	5 500
Access to subsidised Services										

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	4.3%	5.6%	7.4%	7.2%	6.9%	6.9%	6.9%	6.6%	7.5%	7.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	5.7%	7.6%	8.9%	8.2%	8.3%	8.3%	8.3%	8.8%	8.6%	8.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	47.2%	36.9%	127.9%	86.1%	96.4%	96.4%	96.4%	59.6%	83.3%	80.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	221%	192.0%	174.5%	179.0%	174.5%	178.6%	178.6%	147.8%	121.8%	101.1%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.7	0.5	0.8	0.5	0.8	0.8	0.8	1.0	1.4	2.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.5	0.2	0.1	0.3	0.3	0.3	0.4	0.8	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.3	0.0	0.3	0.3	0.3	0.4	0.8	1.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		89.9%	100.5%	99.5%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			89.7%	100.4%	99.4%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	17.5%	15.9%	11.9%	10.1%	10.1%	10.1%	8.4%	9.2%	8.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	95.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		231.1%	374.5%	87.7%	1258.3%	200.7%	200.7%	200.7%	167.7%	84.5%	43.7%
<u>Other Indicators</u>											
Electricity Distribution Losses (Z)	Total Volume Losses (kWh)	9 739 144.50	12 475 041.00	10 165 642.00	7 856 243.00	7 856 243.00	7 856 243.00	7 856 243.00	6 189 226.59	6 634 860.90	6 633 778.90
	Total Cost of Losses (Rand '000)	4 728 922.65	7 185 896.36	6 304 840.26	5 423 784.16	5 423 784.16	5 423 784.16	5 423 784.16	4 765 704.47	3 669 592.45	2 825 586.18
Water Distribution Losses (Z)	Total Volume Losses (k?)	1 014 385.38	519 950	457 665	395 380	395 380	395 380	395 380	1 130 345	951 897	865 352
	Total Cost of Losses (Rand '000)	1 477 627.74	2 901 321.00	2 553 770.70	2 206 220.40	2 206 220.40	2 206 220.40	2 206 220.40	1 853 765.80	1 256 504.04	1 119 190.00
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.4%	37.7%	35.9%	33.6%	33.1%	33.1%	33.1%	31.6%	36.9%	35.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.5%	38.8%	37.3%	35.0%	34.3%	34.3%		32.7%	38.2%	37.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	5.5%	3.7%	4.0%	3.5%	3.5%		3.0%	3.8%	3.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.5%	10.1%	13.2%	10.8%	10.0%	10.0%	10.0%	8.7%	9.7%	8.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.5	15.9	24.0	28.1	28.1	28.1	19.4	20.1	19.8	21.0
ii. OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.6%	22.7%	19.1%	14.7%	12.8%	12.8%	12.8%	11.7%	11.1%	10.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.0	0.9	1.6	0.2	0.9	0.9	0.9	1.1	2.4	3.9

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bitou Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Bitou Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 18.1 per cent to 16.47 per cent in 2015/16, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained fairly constant from 6.9 per cent in 2012/13 to 7.2 per cent in 2015/16. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as Bitou Municipality has nearly reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 80 per cent which substantiates the above mentioned statement that Bitou Municipality is reaching its prudential borrowing limits.

Bitou Municipality's debt profile provides some interesting insights on Bitou Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Bitou Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in Bitou Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Bitou Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

It is very unfortunate that the municipality still needs to contend with legacy issues that continually place the cash flow of the municipality under pressure thereby prolonging the period necessary for complete financial recovery.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. For 2012/13 the gearing ratio peaked 178.6 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio improves to 147.8 per cent in the 2013/14 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2013/14 MTREF the ratio decreases to 101 per cent by 2015/16.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Bitou Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.0 in the 2014/15 financial year 1.4 and for the 2015/2016 year 2.1
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.3 and as part of the financial planning strategy it has been increased to 0.4 in the 2013/14 financial year. The ratio improves over the MTREF to 1.6 in 2015/2016. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include ongoing revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears. Debtor days have decreased from 135 to 114 which is indicative of the success attained thus far. The upgrading of meter reading devises will also assist accurate account rendering and reliability of debtor information.

2.3.1.5 Creditors Management

- Bitou Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with Bitou Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for Bitou Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2012/13 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections minimizing unread

meters and revenue enhancement initiatives where large consumers of electricity have been discovered that were not metered.

- The water distribution losses have been significantly reduced from 27.6 per cent in 2011/12 to 16.37 per cent in 2012/13. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives. A concerted effort is necessary to reduce the losses even further to within acceptable norms by the conclusion of the MTREF.
- Employee costs as a percentage of operating revenue is decreasing in the 2013/2014 financial year, it does however escalate by R15.8 Million year on year as a result of the adoption of the new organizational structure and the filling of critical vacancies necessary for service delivery as well as the 6.85% general salary increase budgeted for 2013/2014. Employee related cost continues to be one of the major costs related to service delivery and is carefully managed to be within acceptable norms.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing above inflation as well as significant addition housing grant allocations. In real terms, repairs and maintenance has increased as part of Bitou Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Bitou Municipality. Registered indigents as well as residents in properties where the value is below R350,000 qualify for either free basic services or service tariffs at a reduced rate.

For the 2013/14 financial year between 5000 and 6000 households will receive subsidies for free or reduced cost services. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount/full subsidy on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

Bitou Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bitou Municipality was awarded Blue Drop status in 2012/13, indicating that Bitou Municipality's drinking water is of exceptional quality. Bitou also received accolades for being the leader with regards to water and waste water quality for a medium sized municipality.

The following is briefly the main challenges facing Bitou Municipality with regards to water and waste water management.

- The infrastructure at certain waste water treatment works is old and require upgrade and refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies receives preference and in-house skills development receive high priority;
- The Division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

2.4 Overview of budget related-policies

Bitou Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit control policy approved by Council in May 2007 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the proposed revisions are as follows:

- Holding the owner of a property liable for the debt of a tenant consumer
- Charging of interest in terms of the National Credit Act requirements
- Confirming the principles of a consolidated account.
- Amendments to the dispute and appeal procedure
- Recovery of debt via pre-paid metering systems
- Amendments to the arrangements intervals and percentages
- Amendments to administrative targets.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. Collection over the anticipated 95% will add to improving the cash flow in the short and medium term.

2.4.2 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in December 2011. The policy is in the process of being revised and a variety of amendments are proposed, the amendments include inter-alia the following:

- Conditions for consideration of quotations with reference to the submission of tax clearance certificates - Clause 13(b)(i) and (ii)
- Listing of accredited service providers – Clause 14
- Requirements for quotations to be considered – Clause 16(2), 17(2) and 18
- Public invitation for competitive bids – Clause 22
- Bid specification committees – Clause 27
- Bid Evaluation committees – Clause 28
- Appointment of consultants – Clause 35
- Combatting abuse – Clause 38 and an array of other proposed amendments.

The policy amendments were part of the budget consultation process and the policy was available at all offices and libraries for scrutiny.

2.4.3 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Bitou Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2010. It is proposed that Section F, paragraph "b" be changed to increase the maximum limit of a virement from R200,000 to R500,000 per vote for a financial year, the change will also be necessary to be effected in Section G point "d". Section F, paragraph "g" is amended by adding the omitted word "staff" with reference to the staff establishment.

2.4.4 Cash Management and Investment Policy

Bitou Municipality's Cash Management and Investment Policy was approved by Council in October 2006. The aim of the policy is to ensure that Bitou Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. Amendments to the policy includes the mitigation of risk and limitation of exposure contained in section 8.8 of the policy as well as amendments to investment procedures contained in clause 9 of the policy.

2.4.5 Tariff Policy

Bitou Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation over the next two years.

2.4.6 Property Rates Policy

The compilation of the general valuation roll for the period 1 July 2013 to 30 June 2017 necessitated the revision of the Municipal Property Rates Policy and By-laws.

Some of the proposed revisions are as follows:

- A clear distinction is made in the definition of "Guest houses" and "Bed and Breakfasts" as it impacts on the manner in which rates and tariffs apply to these categories of property.
- A category of property, being "Rural Lifestyle" is added and refers to non-urban domestic properties primarily used for residential purposes
- Amendments are proposed with regards to the categorization of properties in Section 8 of the policy.
- Amendments to Section 14 are proposed in so far as it relates to exemptions, rebates and reductions

The above policy is available on Bitou Municipality's website, as well as at the municipal offices and libraries for inspection and input.

2.4.7 Funding and reserves policy

The funding and reserves policy is proposed to be amended by including the Capital Replacement Reserve under clause 2.8.3 as part of the cash requirements of the municipality and by deleting the bullet referring to the housing development fund as it no longer exists in terms of the accounting policy of the municipality. Clause 3.3.1 is amended by making provision for the separate investments of the cash backed portion of the capital replacement reserve until it is committed to be appropriated in the annual budget or adjustment budget.

2.5 Overview of budget assumptions

2.5.1 External factors

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2013 is 2.7% rising to 3.8% in 2015.

We still find ourselves in the shadow of the economic downturn with limited financial resources at our disposal for service delivery this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 31.56 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

The Municipality has not had a credit rating done.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Bitou Municipality intends to take up a loan in the amount of R12 Million in the 2013/2014 financial year as well as taking up finance leases for the replacement of fleet vehicles that have come to the end of their lease term in the amount of R4,395 Million. The 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments on a bi-annual basis. Leases will be paid on a monthly basis and provision is made in the respective operational budgets for the expenditure

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 5% and 6% for the 2013/2014 financial year with little upward movement anticipated for the remainder of the MTREF.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may urge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Bitou Municipality, household formation growth rate and the poor household change rate.

The compilation of the general valuation roll for the period 2013 to 2017 has resulted in a small growth in the assessment rates base for the MTREF (5 %), when allowing for objections and appeals on valuations as well as changes in categories in terms of the property rates policy, it is estimated that a real growth of between 2% and 4% will realise. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations necessitated a low additional revenue forecast.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2014. For the purpose of calculation of salary related expenditure for the 2013/2014 financial year an across the board salary increase of 6.85% was used. The general wage increase for the 2014/2015 financial year is budgeted at 6.4%

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labor intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;
- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 96 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget. The spending on both the operating budget and capital budget financed from own funding alike will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

2.6 Overview of budget funding

Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

Long term financial planning

Long term loans are a method of ensuring that the principle of "the future consumers or beneficiaries of the assets financed by the loan, also contribute to the future use or benefit arising from the assets", and this principal was applied as a long term financial strategy in the past. The current budget only proposes to borrow an amount equal to the redemption portion of current borrowing as it will not place an unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality still consist of the major source of capital funding over the MTREF.

The municipality has made provision, although not cash- backed, for long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses.

The budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

Sources of funding

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to remain constant due to a relative stable national monetary policy with regards to interest rates.

The following summarizes the budgeted interest as reflected in the MTREF;

2013/14 - R 1,770,000

2014/15 - R 1,500,000

2015/16 - R 1,650,000

Contributions

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description	Current year 2012/2013		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source								
Property rates	82 255	24.31	90 447	22.41	95 331	25.91	100 479	24.92
Service charges	177 584	52.49	192 923	47.81	205 156	55.77	218 181	54.11
Interest earned - external investments	2 950	0.87	1 770	0.44	1 500	0.41	1 650	0.41
Transfers recognised - operational	56 255	16.63	102 052	25.29	48 961	13.31	65 436	16.23
Other revenue	19 277	5.70	16 356	4.05	16 934	4.60	17 503	4.34
Total Revenue (excluding capital transfers and contributions)	338 322	100.00	403 548	100.00	367 882	100.00	403 250	100.00

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

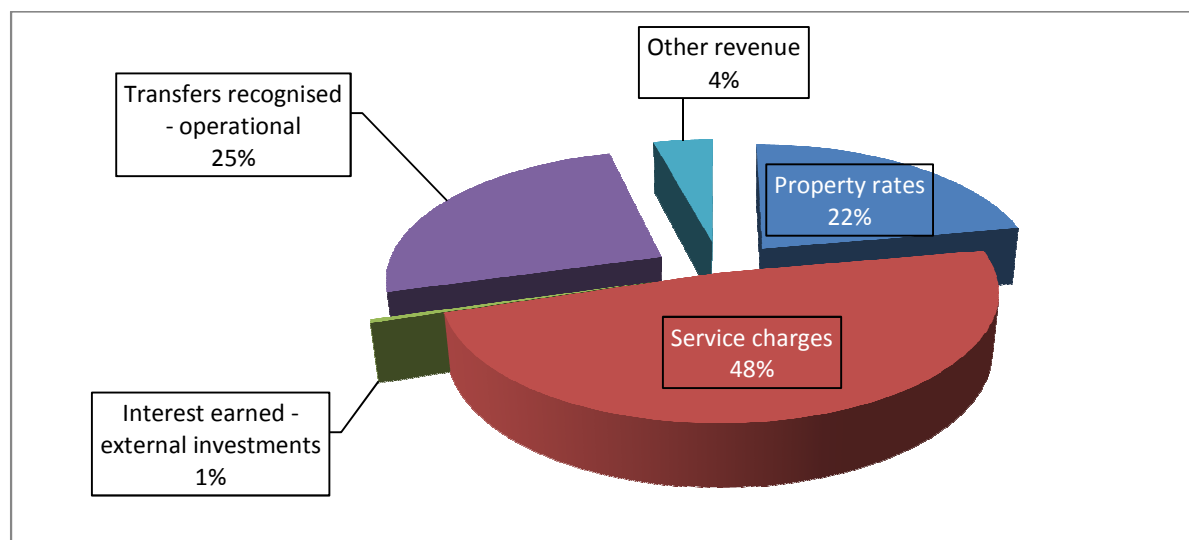


Figure 6 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Bitou Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.)

The revenue strategy is a function of key components such as:

- Growth in Bitou Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases as per the National Treasury Growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

Table 34 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase
	%	%	%
Property rates	5.5	5.4	5.4
Sanitation	6.4	5.4	5.4
Solid Waste	7	5.4	5.4
Water	6	5.4	5.4
Electricity	7.0	7.0	7.0

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		8 778	14 163	31 319	3 972	21 009	21 335	39 892	75 199	125 496
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	8 778	14 163	31 319	3 972	21 009	21 335	39 892	75 199	125 496

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of over the outer years of the MTREF. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

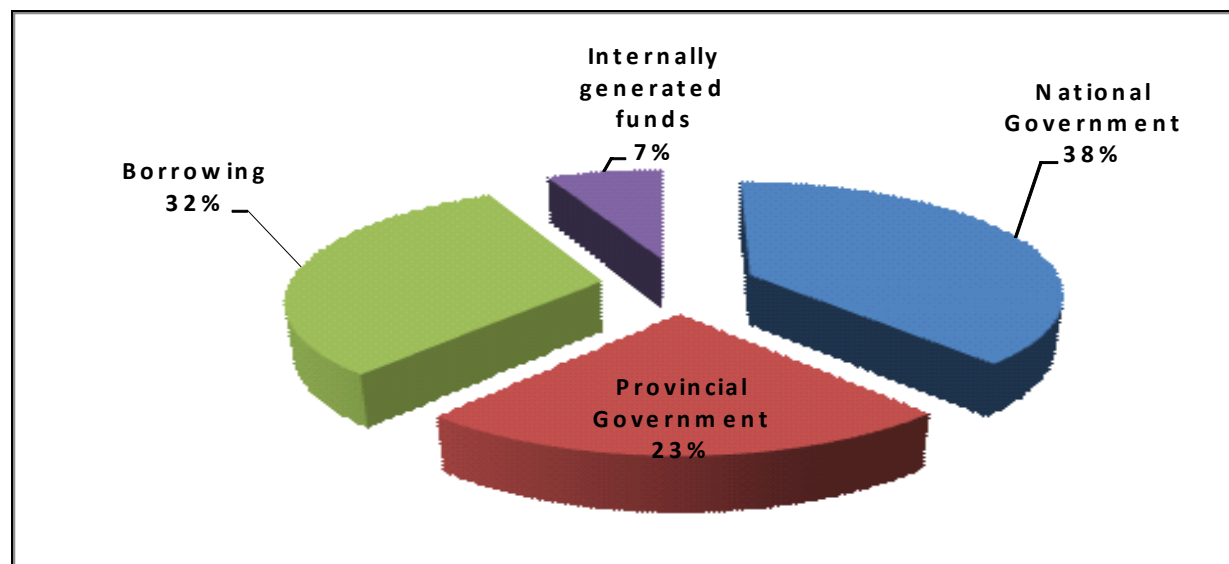
2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:											
National Government		50 958	51 043	11 962	15 368	28 803	25 803	25 803	19 895	19 233	22 059
Provincial Government		—	—	—	7 608	13 772	10 272	10 272	12 131	545	1 065
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	3 000	1 500	1 500	—	—	—
Transfers recognised - capital	4	50 958	51 043	11 962	22 976	45 575	37 575	37 575	32 026	19 778	23 124
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	28 598	17 296	5 520	20 000	13 310	13 310	13 310	16 395	10 000	10 000
Internally generated funds		29 051	35 883	18 202	3 500	490	490	490	3 741	2 000	2 500
Total Capital Funding	7	108 608	104 221	35 684	46 476	59 375	51 375	51 375	52 161	31 778	35 624

The above table is graphically represented as follows for the 2013/14 financial year.

**Figure 7 Sources of capital revenue for the 2013/14 financial year**

Capital grants and receipts equates to 61.4 per cent of the total funding source which represents R32,025 million for the 2013/14 financial year and reduces to R23.1 million or 64.9 per cent by 2015/16.

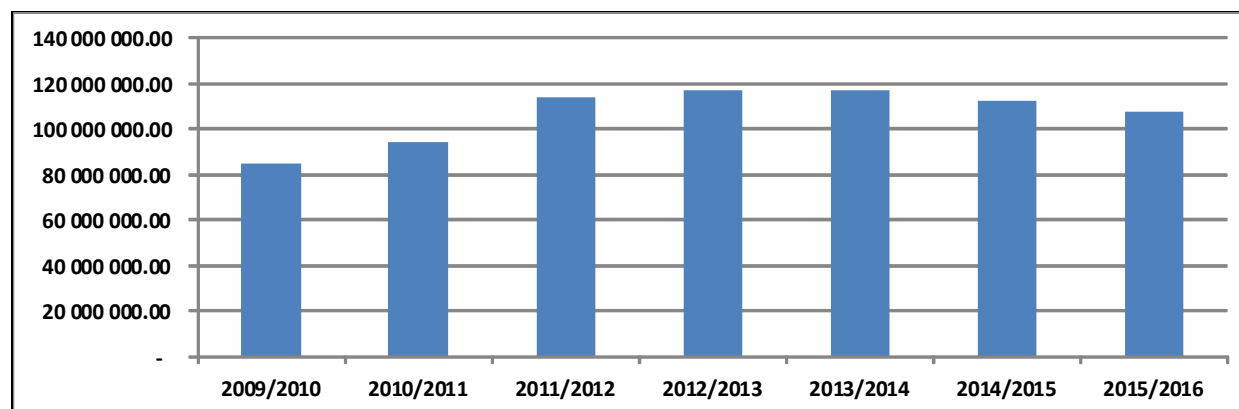
Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R36 million to be raised over the MTREF totalling 31, 31.4 and 28 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of Bitou Municipality has nearly reached its limits and going forward borrowing limits will remain constant until such time that financial recovery reaches completion.

The following table is a detailed analysis of Bitou Municipality's borrowing liability.

Table 37 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		85 069	93 951	114 009	121 223	114 009	116 671	113 867	111 062	107 337
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		303	804	186	1 932	186	186	3 052	1 591	–
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Total Borrowing	1	85 372	94 754	114 195	123 155	114 195	116 857	116 920	112 653	107 337

The following graph illustrates the growth and decline in outstanding borrowing for the 2009/10 to 2015/16 period.

**Figure 8 Growth / Decline in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds have been a limited source of capital funding for the last few financial years and it is also used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Local Government Equitable Share		14 309	17 536	18 978	23 375	23 375	23 375	29 614	41 028	57 552
Finance Management		2 750	2 750	1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement		400	750	790	800	800	800	890	934	967
MIG Grant		-	54	6						
EPWP Incentive					1 000	988	988	1 000		
Other transfers/grants [insert description]										
Provincial Government:		56 198	43 558	20 375	12 207	30 139	30 139	69 248	5 549	5 417
Provincial Management Support Grant		325	-	200		564	564			
Community Development Workers		72	75	52	54	67	67			
Libraries		184	350	425	468	507	507	525	578	636
MMC Kurland		-	-	-						
Spatial Planning		-	-	-						
Revitalise Urban Areas		-	-	-						
Socio Economic Upgrade Informal Settlements		-	-	-						
Traffic Disaster		-	-	-						
Umsobomvu Youth Fund		-	-	-						
Provincial Housing Grant		55 618	43 133	16 327	8 000	24 699	24 699	62 825		
Kurland Project Link Subsidy Project		-	-	-						
Qolweni/Bossiesgiff Housing		-	-	-						
Kranshoek Project Link Subsidy Housing		-	-	-						
Proclaimed Roads Maintenance		-	-	800	46	545	545	1 140		
EPWP		-	-	502	-					
Municipal Replacement Grant		-	-	2 069	3 439	3 439	3 439	4 758	4 971	4 781
Sport and Recreation		-	-	-	200	100	100			
Thusong						218	218			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	129	-	17	-	-	-	-
Social Responsibility				109						
LED Strategy (IDC)				-						
Alien Vegetation (Std Bank)				-						
Lipton				20						
MMC Kurland						17				
Total Operating Transfers and Grants	5	73 657	64 649	41 529	38 632	56 569	56 552	102 052	48 961	65 436

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	16 604	16 684	28 620	3 849	19 859	19 859	19 859	27 962	57 817	99 575
Other current investments > 90 days		0	(0)	0	11	3 912	3 912	3 912	-	-	-
Non current assets - Investments	1	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Cash and investments available:		20 273	20 655	32 895	7 832	28 046	28 372	28 372	32 854	63 017	105 070
Application of cash and investments											
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	2 456	14 997	(19 271)	12 100	8 325	8 325	8 325	14 647	16 670	11 397
Other provisions		47 973	62 531	81 029	73 505	66 274	66 274	66 274	78 703	90 400	103 124
Long term investments committed	4	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Reserves to be backed by cash/investments	5	2 102	1 342	-	8 842	-	-	-	2 000	3 000	3 500
Total Application of cash and investments:		78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 242	115 269	123 517
Surplus(shortfall)		(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(67 388)	(52 252)	(18 447)

From the above table it can be seen that the cash and investments available total R32.8 million in the 2013/14 financial year and progressively increase to R105 million by 2015/2016, including the projected cash and cash equivalents as determined in the cash flow forecast.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the

conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

- There is no unspent borrowing from the previous financial years.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Bitou Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non-cash backing progressively deteriorated over the period 2008/09 to 2010/11. The challenge for Bitou Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

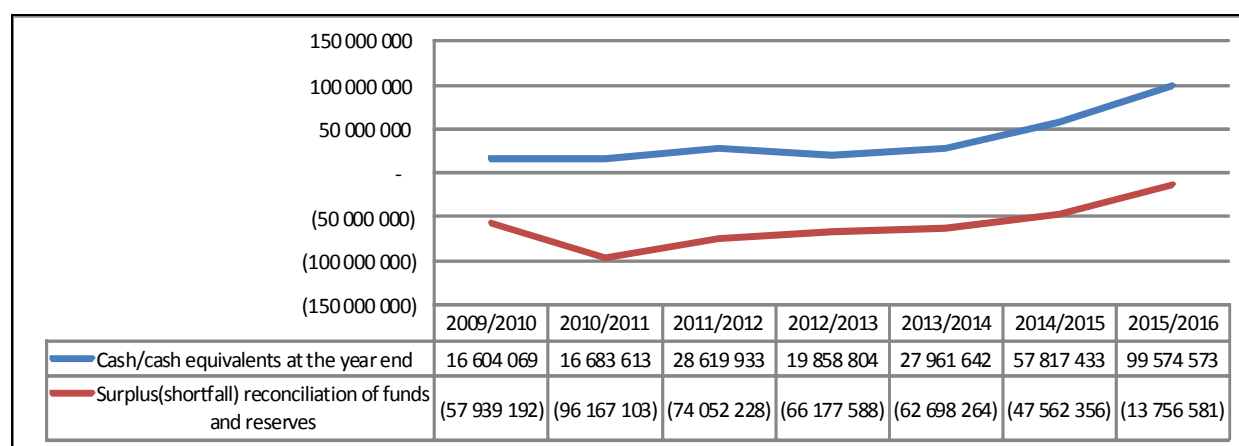


Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 40 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 604	16 684	28 620	3 849	19 869	19 869	19 869	27 962	57 817	99 575
Cash + investments at the yr end less applications - R'000	18(1)b	2	(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(67 388)	(52 252)	(18 447)
Cash year end/monthly employee/supplier payments	18(1)b	3	1.0	0.9	1.6	0.2	0.9	0.9	0.9	1.1	2.4	3.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N/A	12.4%	6.3%	7.2%	(6.3%)	(6.0%)	(6.0%)	2.9%	(0.0%)	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	89.7%	100.4%	99.4%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%	95.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.3%	5.8%	4.5%	7.8%	4.8%	4.8%	4.8%	5.2%	5.2%	5.2%
Capital payments % of capital expenditure	18(1)c; 19	8	100.0%	100.0%	100.0%	100.0%	78.3%	90.5%	90.5%	96.5%	96.5%	96.5%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	47.2%	35.9%	127.9%	85.1%	96.4%	96.4%	96.4%	59.6%	83.3%	80.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								104.4%	100.0%	100.0%
Current consumer debtors % change - incor(decr)	18(1)a	11	N/A	18.1%	(5.6%)	(12.3%)	(13.6%)	0.0%	0.0%	0.0%	0.0%	(0.1%)
Long term receivables % change - incor(decr)	18(1)a	12	N/A	0.0%	0.0%	0.0%	31.7%	0.0%	0.0%	(37.4%)	(61.1%)	(100.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	3.8%	2.8%	1.9%	2.2%	2.1%	2.1%	2.0%	1.9%	2.2%	2.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	31.9%	46.5%	38.7%	35.9%	0.0%	38.6%	28.0%	62.2%

2.6.5.1 Cash/cash equivalent position

Bitou Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Bitou Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality needs to achieve at least two month's cash coverage in the medium term, and then gradually move towards three months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Bitou Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 41 MBRR SA19 - Expenditure on transfers and grant programs

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		17 459	21 090	21 024	25 425	25 425	25 425	32 804	43 412	60 019
Local Government Equitable Share		14 309	17 536	18 978	23 375	23 375	23 375	29 614	41 028	57 552
Finance Management		2 750	2 750	1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement		400	750	790	800	800	800	890	934	967
MIG Grant		-	54	6	-	-	-	1 000	-	-
EPWP Incentive		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		44 870	25 301	11 089	13 207	28 064	28 064	69 248	5 549	5 417
Provincial Management Support Grant		-	160	-	-	200	200	-	-	-
Community Development Workers		72	75	39	54	54	54	-	-	-
Libraries		184	350	386	468	468	468	525	578	636
MMC Kurland		-	-	-	-	-	-	-	-	-
Spatial Planning		-	-	-	-	-	-	-	-	-
Revitalise Urban Areas		-	-	-	-	-	-	-	-	-
Socio Economic Upgrade Informal Settlements		-	-	-	-	-	-	-	-	-
Traffic Disaster		-	-	-	-	-	-	-	-	-
Umsobomvu Youth Fund		22	-	-	-	-	-	-	-	-
Provincial Housing Grant		44 592	24 716	8 294	8 000	22 439	22 439	62 825	-	-
Kurland Project Link Subsidy Project		-	-	-	-	-	-	-	-	-
Qolweni/Bossiesgiff Housing		-	-	-	-	-	-	-	-	-
Kranshoek Project Link Subsidy Housing		-	-	-	-	-	-	-	-	-
Proclaimed Roads Maintenance		-	-	302	46	46	46	1 140	-	-
EPWP		-	-	-	1 000	1 000	1 000	-	-	-
Municipal Replacement Grant		-	-	2 069	3 439	3 439	3 439	4 758	4 971	4 781
Sport and Recreation		-	-	-	200	200	200	-	-	-
Thusong		-	-	-	-	218	218	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	1 465	-	17	-	-	-	-
<i>Social Responsibility</i>		-	-	-	-	-	-	-	-	-
LED Strategy (IDC)		-	-	194	-	-	-	-	-	-
Alien Vegetation (Std Bank)		-	-	1 251	-	-	-	-	-	-
Lipton		-	-	20	-	-	-	-	-	-
MMC Kurland		-	-	-	-	17	-	-	-	-
Total operating expenditure of Transfers and Grants		62 329	46 392	33 579	38 632	53 506	53 489	102 052	48 961	65 436
Capital expenditure of Transfers and Grants										
National Government:		24 387	50 943	1 256	15 368	28 803	25 803	22 680	21 926	25 147
MIG Grant		9 631	9 040	6	14 655	14 655	14 655	16 845	18 926	20 147

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Conditions met - transferred to revenue		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Provincial Government:										
Balance unspent at beginning of the year		(3 379)	7 950	26 206	—	—	—	—	—	—
Current year receipts		56 198	43 558	20 375	12 207	30 139	30 139	69 248	5 549	5 417
Conditions met - transferred to revenue		44 870	25 301	11 089	12 207	30 139	30 139	69 248	5 549	5 417
Conditions still to be met - transferred to liabilities		7 950	26 206	35 492	—	—	—	—	—	—
District Municipality:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Other grant providers:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Total operating transfers and grants revenue		62 329	46 392	32 113	38 632	56 552	56 552	102 052	48 961	65 436
Total operating transfers and grants - CTBM	2	7 950	26 206	35 492	—	—	—	—	—	—
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		18 240	14 062	7 774	—	—	—	—	—	—
Current year receipts		20 733	44 655	24 065	15 368	20 803	20 803	22 680	21 926	25 147
Conditions met - transferred to revenue		24 910	50 943	26 697	15 368	20 803	20 803	22 680	21 926	25 147
Conditions still to be met - transferred to liabilities		14 062	7 774	5 143	—	—	—	—	—	—
Provincial Government:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	9 272	—	7 608	21 772	21 772	13 767	545	1 065
Conditions met - transferred to revenue		—	9 272	—	7 608	21 772	21 772	13 767	545	1 065
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
District Municipality:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	1 000	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	1 000	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Other grant providers:										
Balance unspent at beginning of the year		—	—	1 000	—	3 000	3 000	1 500	—	—
Current year receipts		—	1 000	2 000	—	—	0	—	—	—
Conditions met - transferred to revenue		—	—	1 000	—	3 000	1 500	1 500	—	—
Conditions still to be met - transferred to liabilities		—	1 000	2 000	—	—	1 500	—	—	—
Total capital transfers and grants revenue		24 910	61 215	27 697	22 976	45 575	44 075	37 947	22 471	26 212
Total capital transfers and grants - CTBM	2	14 062	8 774	7 143	—	—	1 500	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE		87 239	107 607	59 810	61 608	102 126	100 626	139 998	71 432	91 648
TOTAL TRANSFERS AND GRANTS - CTBM		22 012	34 981	42 635	—	—	1 500	—	—	—

2.8 Councillor and employee benefits

Table 43 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1 867	1 814	2 503	3 013	2 758	2 758	2 955	3 147	3 324
Pension and UIF Contributions		121	218	86	108	123	123	123	131	139
Medical Aid Contributions		148	114	130	109	86	86	69	74	78
Motor Vehicle Allowance		555	553	806	947	795	795	694	739	787
Cellphone Allowance		160	152	200	198	217	217	218	233	248
Housing Allowances		142	128	—	—	194	194	355	378	403
Other benefits and allowances		—	15	10	—	—	—	—	—	—
Sub Total - Councillors		2 992	2 993	3 735	4 374	4 173	4 173	4 415	4 701	4 979
% increase	4		0.0%	24.8%	17.1%	(4.6%)	—	5.8%	6.5%	5.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 438	4 618	4 982	5 065	6 234	6 234	6 530	6 955	7 407
Pension and UIF Contributions		—	—	—	178	434	434	437	466	496
Medical Aid Contributions		—	—	—	120	151	151	115	122	130
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		476	570	4	545	0	0	—	—	—
Motor Vehicle Allowance	3	1 055	973	966	795	1 065	1 065	1 025	1 092	1 163
Cellphone Allowance	3	108	108	4	113	96	96	108	115	122
Housing Allowances	3	—	—	—	10	108	108	108	115	122
Other benefits and allowances	3	203	344	330	—	81	81	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	166	177	189
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		6 280	6 613	6 285	6 826	8 169	8 169	8 490	9 042	9 630
% increase	4		5.3%	(4.9%)	8.6%	19.7%	—	3.9%	6.5%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		49 187	59 679	57 266	63 378	66 113	66 113	74 376	79 210	84 359
Pension and UIF Contributions		9 227	8 610	8 501	10 202	9 395	9 395	10 984	11 697	12 458
Medical Aid Contributions		6 599	8 334	8 166	9 723	9 502	9 502	11 006	11 721	12 483
Overtime		4 207	4 031	3 242	3 100	3 200	3 200	2 830	2 971	3 160
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	4 064	4 746	4 498	5 396	3 757	3 757	4 496	4 788	5 100
Cellphone Allowance	3	550	731	706	722	533	533	273	291	310
Housing Allowances	3	604	618	717	944	833	833	735	783	834
Other benefits and allowances	3	6 855	6 843	3 436	3 851	3 517	3 517	4 523	4 800	5 095
Payments in lieu of leave		2 084	1 955	1 892	806	806	806	2 014	2 145	2 284
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	6 113	6 113	6 113	6 113	7 798	8 305	8 845
Sub Total - Other Municipal Staff		83 376	95 546	94 536	104 235	103 770	103 770	119 033	126 712	134 927
% increase	4		14.6%	(1.1%)	10.3%	(0.4%)	—	14.7%	6.5%	6.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		92 649	105 151	104 557	115 435	116 112	116 112	131 938	140 455	149 536
% increase	4		13.5%	(0.6%)	10.4%	0.6%	—	13.6%	6.5%	6.5%
TOTAL MANAGERS AND STAFF	5,7	89 656	102 158	100 822	111 061	111 939	111 939	127 524	135 754	144 557

Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		387 329	-	148 982			536 311
Chief Whip			-	-	-			-
Executive Mayor			405 984	78 178	201 215			685 377
Deputy Executive Mayor			370 049	17 280	148 982			536 311
Executive Committee			663 853	62 390	281 825			1 008 068
Total for all other councillors			1 128 018	33 972	486 498			1 648 488
Total Councillors	8	-	2 955 233	191 820	1 267 502			4 414 555
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 112 232	211 277	275 995	-		1 599 504
Chief Finance Officer			1 159 096	22 089	260 205	-		1 441 390
HOD: Community Services			1 088 095	40 744	233 493	-		1 362 332
HOD: Corporate Services			1 098 532	159 089	104 712	-		1 362 333
HOD: Strategic Services			1 003 835	1 785	356 712	-		1 362 332
HOD: Municipal Services and Infrastructure Development			1 068 471	117 150	176 712	-		1 362 333
List of each official with packages >= senior manager								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	6 530 261	552 134	1 407 829	-		8 490 224

Table 45 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		13	5	8	13	5	8	13	5	8
Board Members of municipal entities	4	–			–			–	–	–
Municipal employees	5	–			–			–	–	–
Municipal Manager and Senior Managers	3	4		4	6	–	6	6	–	6
Other Managers	7	19	19		23	21	2	26	19	7
Professionals		31	31	–	37	35	2	50	47	3
Finance		8	8		11	10	1	8	8	–
Spatial/town planning		–			4	4	–	–	–	–
Information Technology		–			–			1	1	–
Roads		1	1		1	1	–	1	1	–
Electricity		2	2		2	2	–	3	3	–
Water		3	3		3	3	–	2	2	–
Sanitation		4	4		4	4	–	1	1	–
Refuse		–			–	–	–	1	1	–
Other		13	13		12	11	1	33	30	3
Technicians		31	31	–	29	28	1	44	42	2
Finance		–			–		–	2	2	–
Spatial/town planning		–			–			5	5	–
Information Technology		–		–	–			3	2	1
Roads		2	2		2	2	–	3	3	–
Electricity		6	6		7	6	1	10	9	1
Water		2	2		2	2	–	11	11	–
Sanitation		–			–	–		–	–	–
Refuse		–			–	–		–	–	–
Other		21	21	–	18	18	–	10	10	–
Clerks (Clerical and administrative)		86	73	13	75	65	10	72	56	16
Service and sales workers		61	61	–	51	51	–	91	80	11
Skilled agricultural and fishery workers		–			–			–	–	–
Craft and related trades		–			–			–	–	–
Plant and Machine Operators		43	39	4	37	33	4	42	37	5
Elementary Occupations		194	167	27	122	122		180	150	30
TOTAL PERSONNEL NUMBERS	9	482	426	56	393	360	33	524	436	88
% increase					(18.5%)	(15.5%)	(41.1%)	33.3%	21.1%	166.7%
Total municipal employees headcount	6, 10	485	430	55	393	360	33	511	431	80
Finance personnel headcount	8, 10	51	47	4	47	43	4	55	48	7
Human Resources personnel headcount	8, 10	4	4	1	7	5	2	6	3	3

2.9 Monthly targets for revenue, expenditure and cash flow

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source																
Property rates		87 127	326	231	243	645	81	663	37	72	5	117	902	90 447	95 331	100 479
Property rates - penalties & collection charges		275	275	275	275	275	275	275	275	275	275	275	275	3 300	3 300	3 400
Service charges - electricity revenue		8 362	8 379	8 734	8 042	8 712	7 244	9 099	8 929	9 685	6 838	8 165	10 227	102 415	109 761	117 635
Service charges - water revenue		5 174	2 283	2 477	2 527	2 582	2 911	3 497	2 571	4 312	3 308	2 570	128	34 338	36 193	38 147
Service charges - sanitation revenue		33 228	(354)	63	(310)	21	(262)	(12)	(116)	422	250	338	1 896	35 165	37 064	39 066
Service charges - refuse revenue		21 497	(308)	(289)	(165)	(321)	(266)	2	136	166	(298)	(85)	935	21 004	22 138	23 334
Service charges - other		949	949	949	949	949	949	949	1 564	949	949	949	(11 053)	-	-	-
Rental of facilities and equipment		98	93	102	94	98	145	95	87	91	102	83	124	1 213	1 104	1 153
Interest earned - external investments		148	148	148	148	148	148	148	148	148	148	148	148	1 770	1 500	1 650
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		33	344	326	299	269	240	229	566	434	382	260	725	4 107	4 308	4 209
Licences and permits		6	6	6	6	6	6	6	6	6	6	6	6	74	77	81
Agency services		47	15	38	30	25	128	24	79	139	214	182	287	1 208	1 268	1 350
Transfers recognised - operational		1 998	361	649	290	341	347	269	553	218	311	463	96 252	102 052	48 961	65 436
Other revenue		2 921	2 625	2 625	4 221	2 625	2 625	7 233	2 625	3 328	57 449	2 625	(84 449)	6 455	6 877	7 311
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		161 862	15 142	16 335	16 649	16 375	14 571	22 476	17 459	20 244	69 936	16 095	16 402	403 548	367 882	403 250
Expenditure By Type																
Employee related costs		10 150	9 859	10 615	11 310	14 102	10 675	10 673	10 207	10 000	9 963	10 219	9 751	127 524	135 754	144 557
Remuneration of councillors		358	362	366	365	370	373	369	369	386	405	405	288	4 415	4 701	4 979
Debt impairment		1 252	1 252	1 252	1 252	1 252	1 252	1 252	1 252	1 252	1 252	1 252	1 251	15 019	15 914	16 870
Depreciation & asset impairment		1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 781	21 095	21 728	22 380
Finance charges		-	-	-	-	-	6 277	-	-	-	-	996	6 571	13 845	13 837	13 684
Bulk purchases		199	12 319	9 791	4 931	5 711	5 749	13 680	6 235	5 942	1 341	5 374	6 311	77 582	83 783	90 478
Other materials		-	-	-	-	-	-	-	-	-	-	-	3 128	3 128	3 294	3 558
Contracted services		1 409	1 390	1 077	1 493	1 670	1 256	1 777	1 155	2 029	1 054	887	4 515	19 713	21 443	21 997
Transfers and grants		219	219	219	219	219	219	219	219	219	219	219	220	2 630	3 240	3 480
Other expenditure		15 218	21 591	22 720	26 492	23 796	16 530	16 469	19 296	16 198	16 424	16 797	(92 421)	119 110	61 081	67 200
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		30 560	48 748	47 795	47 817	48 875	44 088	46 194	40 489	37 781	32 413	37 904	(58 605)	404 060	364 775	389 183
Surplus/(Deficit)																
Transfers recognised - capital		1 589	11 462	1 589	1 589	1 589	8 561	1 589	1 589	1 589	1 589	1 589	2 123	36 447	22 471	26 212
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		132 891	(22 144)	(29 871)	(29 579)	(30 911)	(20 956)	(22 129)	(21 440)	(15 948)	39 112	(20 220)	77 130	35 934	25 578	40 278
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	132 891	(22 144)	(29 871)	(29 579)	(30 911)	(20 956)	(22 129)	(21 440)	(15 948)	39 112	(20 220)	77 130	35 934	25 578	40 278

Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue by Vote																
Vote 1 - Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	37 281	47 476	64 294
Vote 3 - Community Services		23 018	1 195	1 220	1 607	1 117	1 307	5 998	2 122	1 879	56 270	1 492	11 786	109 011	34 665	36 273
Vote 4 - Corporate Services		22	22	62	22	39	22	22	22	22	22	40	137	454	347	400
Vote 5 - Financial Services		87 170	369	277	1 587	690	124	706	80	116	48	160	945	92 272	97 358	102 608
Vote 6 - Strategic Services		190	142	129	132	183	127	149	201	96	133	270	227	1 979	2 079	2 182
Vote 7 - Municipal Services and Infrastructure Development		48 996	20 820	12 180	10 835	11 881	17 497	13 134	11 953	15 665	10 996	11 666	13 376	198 997	208 428	223 705
Total Revenue by Vote		162 502	25 655	16 975	17 289	17 016	22 183	23 116	17 485	20 885	70 576	16 735	29 578	439 994	390 353	429 462
Expenditure by Vote to be appropriated																
Vote 1 - Council		434	438	441	440	445	448	445	445	461	480	480	364	5 322	5 658	6 015
Vote 2 - Office of the Municipal Manager		1 525	1 477	1 736	3 124	1 551	2 066	1 601	3 087	1 513	1 711	1 653	3 217	24 263	25 750	26 439
Vote 3 - Community Services		8 420	14 711	15 514	16 158	17 881	9 192	10 185	9 152	9 404	9 178	9 764	12 048	141 608	82 989	88 331
Vote 4 - Corporate Services		979	980	1 048	2 238	1 505	1 355	1 157	2 526	1 223	1 418	1 138	2 300	17 867	18 363	19 324
Vote 5 - Financial Services		2 669	2 591	2 447	3 727	3 527	2 531	2 628	2 387	2 836	2 037	2 446	5 881	35 708	38 308	40 510
Vote 6 - Strategic Services		1 422	1 438	1 483	1 446	1 682	2 586	1 467	1 316	1 308	1 261	1 752	2 893	20 053	20 943	22 105
Vote 7 - Municipal Services and Infrastructure Development		15 322	27 387	25 422	20 928	22 524	26 184	29 012	21 816	21 347	16 587	20 909	(88 199)	159 239	172 765	186 458
Total Expenditure by Vote		30 771	49 023	48 091	48 061	49 115	44 363	46 494	40 728	38 093	32 673	38 142	(61 495)	404 060	364 775	389 183
Surplus/(Deficit) before assoc.		131 731	(23 368)	(31 115)	(30 772)	(32 099)	(22 180)	(23 379)	(23 244)	(17 209)	37 903	(21 407)	91 073	35 934	25 578	40 278
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	131 731	(23 368)	(31 115)	(30 772)	(32 099)	(22 180)	(23 379)	(23 244)	(17 209)	37 903	(21 407)	91 073	35 934	25 578	40 278

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
Governance and administration		90 323	3 521	3 478	4 740	3 863	3 277	3 870	3 236	3 274	3 203	3 093	4 516	130 396	145 758	167 906
Executive and council		121	121	121	121	121	121	121	121	121	121	(118)	360	1 450	500	550
Budget and treasury office		87 127	327	235	1 544	647	81	664	38	73	6	118	903	91 762	96 797	101 996
Corporate services		3 075	3 074	3 123	3 075	3 095	3 075	3 086	3 078	3 080	3 077	3 093	3 254	37 184	48 462	65 361
Community and public safety		1 521	1 503	1 509	1 772	1 437	1 573	5 997	1 986	1 713	56 568	1 577	10 851	88 007	12 527	12 940
Community and social services		336	43	42	338	41	40	4 650	44	41	43	45	125	5 789	6 159	6 552
Sport and recreation		26	26	26	27	27	79	16	218	17	32	14	70	578	606	637
Public safety		80	358	366	332	295	380	256	649	581	595	443	1 023	5 356	5 619	5 606
Housing		1 078	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	55 898	1 075	9 634	76 284	144	145
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		144	98	75	86	134	81	93	153	747	85	224	615	2 534	1 464	1 537
Planning and development		144	98	75	86	134	81	93	153	45	85	224	178	1 394	1 464	1 537
Road transport		-	-	-	-	-	-	-	-	702	-	-	438	1 140	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		70 493	20 513	11 891	10 671	11 560	17 231	13 135	12 088	15 129	10 698	11 581	13 873	218 861	230 566	247 039
Electricity		8 467	8 447	9 135	8 084	8 784	7 364	9 121	8 987	9 731	6 862	8 193	10 396	103 569	113 938	123 899
Water		5 462	12 232	2 477	2 527	2 584	9 885	3 497	2 573	4 315	3 316	2 571	128	51 567	55 536	58 733
Waste water management		35 068	142	568	224	513	248	515	393	917	819	902	2 415	42 722	38 954	41 074
Waste management		21 497	(308)	(289)	(165)	(321)	(266)	2	136	166	(298)	(85)	935	21 004	22 138	23 334
Other		21	21	21	21	21	21	21	21	21	21	21	(39)	196	38	40
Total Revenue - Standard		162 502	25 655	16 975	17 289	17 016	22 183	23 116	17 485	20 885	70 576	16 497	29 816	439 994	390 353	429 462
Expenditure - Standard																
Governance and administration		6 209	6 132	6 322	10 171	7 721	7 866	6 415	8 992	6 536	6 087	6 760	13 859	93 070	98 354	103 027
Executive and council		2 490	2 147	2 690	3 229	2 354	3 048	2 261	2 227	1 927	1 835	2 485	3 710	30 403	31 867	33 017
Budget and treasury office		1 731	1 684	1 420	2 007	2 380	1 357	1 779	1 367	2 097	1 303	1 300	2 503	20 928	22 429	23 812
Corporate services		1 989	2 300	2 212	4 935	2 988	3 462	2 375	5 397	2 511	2 950	2 974	7 646	41 739	44 057	46 198
Community and public safety		6 979	13 145	13 682	14 634	15 861	7 054	8 117	7 663	7 790	7 707	8 016	9 619	120 266	60 228	63 877
Community and social services		711	975	926	1 158	1 239	1 274	970	787	817	948	754	1 849	12 407	13 157	13 669
Sport and recreation		1 020	1 209	1 180	1 425	1 942	1 527	1 499	1 371	1 251	1 309	1 202	1 590	16 524	17 403	18 445
Public safety		1 556	1 689	1 829	1 924	2 517	1 762	1 926	1 764	2 002	1 722	2 313	2 197	23 199	24 363	25 786
Housing		3 693	9 272	9 747	10 127	10 164	2 493	3 722	3 742	3 721	3 728	3 746	3 982	68 137	5 305	5 978
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		11 516	11 535	11 714	12 207	12 674	13 950	11 557	11 600	11 461	11 468	11 517	(100 739)	30 459	31 274	32 668
Planning and development		915	889	981	945	1 170	1 343	994	842	813	820	783	1 236	11 731	12 170	12 918
Road transport		10 601	10 645	10 734	11 262	11 504	12 607	10 563	10 758	10 648	10 648	10 733	(101 975)	18 727	19 104	19 749
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		5 801	17 946	16 105	10 782	12 587	15 211	20 137	12 206	12 036	7 134	11 583	15 854	157 382	171 679	186 129
Electricity		1 551	13 826	11 286	6 452	7 580	8 755	15 162	7 710	7 502	2 857	7 038	6 534	96 253	107 513	118 217
Water		1 889	1 680	1 755	1 741	1 960	2 996	1 983	2 031	1 948	1 831	1 804	4 311	25 929	26 350	27 870
Waste water management		1 035	988	1 369	1 186	1 160	1 503	1 048	1 072	1 041	1 045	1 093	2 681	15 221	16 507	17 133
Waste management		1 326	1 451	1 696	1 403	1 886	1 957	1 945	1 392	1 545	1 401	1 648	2 327	19 979	21 309	22 909
Other		265	267	267	267	272	282	269	267	270	277	267	(88)	2 882	3 241	3 482
Total Expenditure - Standard		30 771	49 023	48 091	48 061	49 115	44 363	46 494	40 728	38 093	32 673	38 142	(61 495)	404 060	364 775	389 183
Surplus/(Deficit) before assoc.		131 731	(23 368)	(31 115)	(30 772)	(32 099)	(22 180)	(23 379)	(23 244)	(17 209)	37 903	(21 646)	91 311	35 934	25 578	40 278
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	131 731	(23 368)	(31 115)	(30 772)	(32 099)	(22 180)	(23 379)	(23 244)	(17 209)	37 903	(21 646)	91 311	35 934	25 578	40 278

Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		-	30	50	65	20	20	751	1 031	731	1 081	1 081	1 126	5 986	7 129	7 000
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	1 000
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		1 750	3 007	4 075	3 187	4 537	2 087	-	-	200	500	516	-	19 859	10 609	-
Capital multi-year expenditure sub-total	2	1 750	3 037	4 125	3 252	4 557	2 107	751	1 031	931	1 581	1 597	1 126	25 845	18 738	8 000
Single-year expenditure to be appropriated																
Vote 1 - Council		-	-	-	350	-	-	-	-	-	-	-	-	350	-	-
Vote 2 - Office of the Municipal Manager		-	73	-	-	55	-	-	-	-	-	-	-	128	-	-
Vote 3 - Community Services		1 117	495	1 363	2 288	2 688	1 065	1 065	1 061	1 061	1 061	1 061	1 061	15 386	1 116	4 297
Vote 4 - Corporate Services		13	151	39	13	33	13	13	39	42	72	13	13	450	-	-
Vote 5 - Financial Services		-	289	21	485	69	-	24	21	-	-	-	-	910	-	-
Vote 6 - Strategic Services		-	123	22	115	100	85	-	-	-	-	-	-	445	-	-
Vote 7 - Municipal Services and Infrastructure Development		208	203	260	3 833	2 178	443	340	620	140	140	140	140	8 647	11 924	23 327
Capital single-year expenditure sub-total	2	1 337	1 334	1 705	7 084	5 123	1 605	1 441	1 741	1 244	1 273	1 214	1 214	26 316	13 041	27 624
Total Capital Expenditure	2	3 087	4 371	5 830	10 336	9 680	3 713	2 192	2 772	2 175	2 854	2 811	2 340	52 161	31 778	35 624

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
Governance and administration		13	533	82	848	157	13	36	60	42	72	13	13	1 880	1 000	1 000
Executive and council		–	73	–	350	55	–	–	–	–	–	–	–	478	–	–
Budget and treasury office		–	85	–	485	30	–	–	–	–	–	–	–	600	1 000	1 000
Corporate services		13	375	82	13	72	13	36	60	42	72	13	13	802	–	–
Community and public safety		1 117	525	1 413	2 083	2 708	1 085	1 085	1 361	1 061	1 411	1 411	1 456	16 716	3 245	6 297
Community and social services		–	118	111	111	324	20	20	–	–	350	350	395	1 799	795	1 065
Sport and recreation		–	187	164	–	–	–	–	–	–	–	–	–	351	–	2 822
Public safety		55	163	69	910	–	–	–	300	–	–	–	–	1 498	2 450	2 410
Housing		1 062	57	1 068	1 062	2 384	1 065	1 065	1 061	1 061	1 061	1 061	1 061	13 068	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		33	106	–	1 498	1 103	388	200	–	200	500	516	–	4 544	8 601	10 596
Planning and development		–	103	–	115	100	85	–	–	–	–	–	–	403	–	–
Road transport		33	3	–	1 383	1 003	303	200	–	200	500	516	–	4 141	8 601	10 596
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		1 925	3 207	4 335	5 907	5 713	2 227	871	1 351	871	871	871	871	29 021	18 932	17 732
Electricity		106	90	190	1 170	810	90	90	540	90	90	90	90	3 449	6 993	4 886
Water		269	1 230	2 420	3 730	2 037	587	–	–	–	–	–	–	10 273	3 084	7 846
Waste water management		1 550	1 887	1 725	737	2 865	1 550	50	80	50	50	50	50	10 643	3 855	–
Waste management		–	–	–	270	–	–	731	731	731	731	731	731	4 656	5 000	5 000
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	2	3 087	4 371	5 830	10 336	9 680	3 713	2 192	2 772	2 175	2 854	2 811	2 340	52 161	31 778	35 624

Table 51 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Cash Receipts By Source															
Property rates	6 367	6 676	12 849	6 597	6 980	6 444	6 996	6 402	6 435	6 371	6 478	7 329	85 925	90 565	95 455
Property rates - penalties & collection charges	161	161	161	321	291	291	291	291	291	291	291	291	3 135	3 135	3 230
Service charges - electricity revenue	7 944	7 960	8 297	7 640	8 276	6 882	8 644	8 482	9 201	6 496	7 757	9 716	97 294	104 273	111 753
Service charges - water revenue	4 915	2 169	2 353	2 400	2 453	2 765	3 322	2 443	4 096	3 142	2 441	121	32 622	34 383	36 240
Service charges - sanitation revenue	2 428	2 092	4 916	2 133	2 449	2 180	2 417	2 318	2 829	2 665	2 750	4 229	33 407	35 211	37 112
Service charges - refuse revenue	1 571	1 279	2 867	1 415	1 266	1 318	1 572	1 700	1 729	1 288	1 490	2 459	19 954	21 031	22 167
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	98	93	102	94	98	145	95	87	91	102	83	124	1 213	1 104	1 153
Interest earned - external investments	148	148	148	148	148	148	148	148	148	148	148	148	1 770	1 500	1 650
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	33	344	326	299	269	240	229	566	434	382	260	725	4 107	4 308	4 209
Licences and permits	6	6	6	6	6	6	6	6	6	6	6	6	74	77	81
Agency services	47	15	38	30	25	128	24	79	139	214	182	287	1 208	1 268	1 350
Transfer receipts - operational	2 921	2 625	2 625	4 221	2 625	2 625	7 233	2 625	3 328	57 449	2 625	11 147	102 052	48 961	65 436
Other revenue	1 998	361	649	290	341	347	269	553	218	311	463	655	6 455	6 877	7 311
Cash Receipts by Source	28 637	23 929	35 339	25 596	25 227	23 519	31 247	25 700	28 945	78 864	24 973	37 239	389 214	352 693	387 147
Other Cash Flows by Source															
Transfer receipts - capital	1 589	11 462	1 589	1 589	1 589	8 561	1 589	1 589	1 589	1 589	1 589	2 123	36 447	22 471	26 212
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	12 000	-	-	-	12 000	10 000	10 000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	314	314	329	347
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	30 226	35 391	36 928	27 185	26 816	32 080	32 836	27 289	42 534	80 453	26 562	39 675	437 975	385 493	423 706
Cash Payments by Type															
Employee related costs	9 287	9 021	9 713	10 349	12 903	9 768	9 766	9 339	9 150	9 116	9 350	8 922	116 684	124 215	132 269
Remuneration of councillors	351	355	358	357	362	365	362	362	378	397	397	282	4 326	4 607	4 879
Finance charges	-	-	-	-	-	6 790	-	-	-	-	996	6 059	13 845	13 837	13 684
Bulk purchases - Electricity	195	12 023	9 595	4 832	5 548	5 634	13 406	6 061	5 823	1 314	5 218	6 184	75 834	81 901	88 453
Bulk purchases - Water & Sewer	-	49	-	-	49	-	-	49	-	-	49	-	196	206	216
Other materials	207	270	289	239	235	270	294	235	306	254	234	233	3 065	3 228	3 487
Contracted services	1 381	1 363	1 055	1 463	1 637	1 231	1 741	1 132	1 989	1 033	869	4 425	19 319	21 014	21 557
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	215	215	215	215	215	215	215	215	215	215	215	216	2 577	3 175	3 410
Other expenditure	6 860	13 042	14 137	17 796	15 181	8 133	8 073	10 815	7 810	9 735	10 097	9 215	130 894	59 256	65 192
Cash Payments by Type	18 495	36 337	35 363	35 251	36 129	32 406	33 857	28 209	25 671	22 064	27 424	35 535	366 741	311 440	333 148
Other Cash Flows/Payments by Type															
Capital assets	2 979	4 218	5 626	9 974	9 341	3 583	2 116	2 675	2 098	2 754	2 712	2 258	50 335	30 666	34 377
Repayment of borrowing	112	112	112	112	112	5 490	112	112	112	112	112	6 187	12 795	13 531	14 423
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	21 586	40 667	41 100	45 337	45 583	41 478	36 085	30 996	27 881	24 930	30 248	43 980	429 872	355 637	381 948
NET INCREASE/(DECREASE) IN CASH HELD	8 640	(5 276)	(4 172)	(18 152)	(18 767)	(9 398)	(3 249)	(3 707)	14 653	55 523	(3 686)	(4 305)	8 103	29 856	41 757
Cash/cash equivalents at the month/year begin:	19 859	28 499	23 223	19 050	898	(17 869)	(27 267)	(30 517)	(34 223)	(19 570)	35 952	32 266	19 859	27 962	57 817
Cash/cash equivalents at the month/year end:	28 499	23 223	19 050	898	(17 869)	(27 267)	(30 517)	(34 223)	(19 570)	35 952	32 266	27 962	27 962	57 817	99 575

2.10 Contracts having future budgetary implications

In terms of Bitou Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of Bitou Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	2	93 436	69 163	13 335	21 326	31 713	28 213	26 811	19 646	10 386
Infrastructure - Road transport		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Roads, Pavements & Bridges		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		21 499	14 872	114	850	3 911	3 911	-	5 993	4 386
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		21 200	14 670	-	850	3 911	3 911	-	5 993	4 386
Street Lighting		299	202	114	-	-	-	-	-	-
Infrastructure - Water		15 380	36 221	6 448	8 355	7 955	4 455	9 175	3 684	1 000
Dams & Reservoirs		-	-	-	8 355	7 955	4 455	9 175	2 684	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		15 380	36 221	6 448	-	-	-	-	1 000	1 000
Infrastructure - Sanitation		5 755	1 138	197	-	4 300	4 300	-	-	-
Reticulation		5 755	1 138	197	-	4 300	4 300	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 420	5 000	5 000
Waste Management		78	-	190	4 300	-	-	4 386	5 000	5 000
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		23 091	6 627	193	7 608	9 872	9 872	12 034	-	-
Community		7 005	10 623	2 158	-	850	850	1 355	350	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		1 490	5 444	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		631	-	-	-	-	-	-	-	-
Libraries		1 235	4 205	143	-	-	-	-	-	-
Recreational facilities		492	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	55	100	-
Security and policing		13	353	15	-	450	450	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		398	622	2 000	-	400	400	1 300	250	-
Social rental housing	2 746	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Other assets	8 167	22 963	8 815	3 529	3 862	3 862	3 875	2 895	3 065	
General vehicles	-	-	-	-	-	-	-	-	-	
Specialised vehicles	-	1 203	36	-	3 100	3 100	-	-	-	
Plant & equipment	570	424	807	29	370	370	373	300	471	
Computers - hardware/equipment	-	-	-	-	-	-	554	150	115	
Furniture and other office equipment	1 183	480	575	-	392	392	998	66	374	
Abattoirs	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Civic Land and Buildings	-	-	-	-	-	-	-	-	-	
Other Buildings	1 659	18 302	5 010	3 500	-	-	1 950	2 379	2 105	
Other Land	-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	
Other	4 756	2 555	2 386	-	-	-	-	-	-	
Agricultural assets	-	-	-	-	-	-	-	-	-	
Agricultural 1	-	-	-	-	-	-	-	-	-	
Agricultural 2	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Biological 1	-	-	-	-	-	-	-	-	-	
Biological 2	-	-	-	-	-	-	-	-	-	
Intangibles	-	1 472	-	-	-	-	-	-	-	
Computers - software & programming	-	1 472	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	108 608	104 221	24 308	24 855	36 425	32 925	32 040	22 891	13 451

Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	2 234	21 621	19 850	16 850	15 066	8 887	18 841
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Roads, Pavements & Bridges		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	1 667	9 000	250	250	2 283	1 000	500
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	9 000	250	250	2 283	1 000	500
Street Lighting		-	-	1 667	-	-	-	-	-	-
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	217	4 150	500	500	250	400	7 796
Infrastructure - Sanitation		-	-	350	4 471	8 400	5 400	10 233	3 555	-
Reticulation		-	-	350	4 471	8 400	5 400	10 233	3 555	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		2	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		3	-	-	-	-	-	-	-	-
Community		-	-	9 142	-	3 100	1 600	-	-	2 632
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	3 100	1 600	-	2 632
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	9 142	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		7	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		8	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	
Other	9	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	5 055	-	700
General vehicles	-	-	-	-	-	-	-	4 395	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	360	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	300	-	700
Other Land	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-	-
Agricultural 1	-	-	-	-	-	-	-	-	-	-
Agricultural 2	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
Biological 1	-	-	-	-	-	-	-	-	-	-
Biological 2	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	11 376	21 621	22 950	18 450	20 121	8 887	22 173

Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	6 851	5 941	5 352	7 212	6 268	6 268	5 539	7 426	7 937	
Infrastructure - Road transport		2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765	
Roads, Pavements & Bridges		1 636	433	1 432	1 060	1 054	1 054	1 130	1 225	1 315	
Storm water		553	428	361	382	304	304	350	450	450	
Infrastructure - Electricity		1 290	1 300	1 688	1 396	1 746	1 746	690	1 855	2 056	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		1 235	1 278	1 673	1 316	1 636	1 636	603	1 764	1 959	
Street Lighting		55	22	15	80	110	110	87	90	97	
Infrastructure - Water		949	341	31	1 999	593	593	831	971	1 030	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		107	143	-	1 850	445	445	625	807	859	
Reticulation		842	198	31	148	148	148	206	164	171	
Infrastructure - Sanitation		1 675	1 324	959	1 725	1 920	1 920	1 848	2 226	2 375	
Reticulation		1 420	1 211	954	1 704	1 899	1 899	1 598	1 961	2 095	
Sewerage purification		255	113	5	21	21	21	250	265	280	
Infrastructure - Other		748	2 117	881	650	650	650	690	700	710	
Waste Management		748	2 117	881	650	650	650	690	700	710	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Community		3	2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796
Parks & gardens		7	-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	274	318	318	318	250	260	270
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			399	505	308	403	368	368	405	429	460
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing		8	-	-	-	-	-	-	-	-	-
Other			2 160	2 519	1 428	1 843	1 716	1 716	954	1 010	1 066
Heritage assets		9	-	-	-	-	-	-	-	-	-
Buildings	-		-	-	-	-	-	-	-	-	
Other	-		-	-	-	-	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	7 505	5 874	2 900	3 491	3 320	3 320	4 756	4 646	5 652	
General vehicles		1 357	1 155	1 161	1 143	1 167	1 167	1 451	1 523	1 616	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		595	740	260	471	356	356	690	693	1 082	
Computers - hardware/equipment		39	12	24	39	39	39	268	388	408	
Furniture and other office equipment		16	29	2	13	13	13	45	43	48	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		5 233	3 742	1 383	1 653	1 647	1 647	2 117	1 800	2 281	
Other Buildings		179	65	60	64	40	40	60	63	66	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		86	131	11	109	59	59	125	136	150	
Agricultural assets			-	-	-	-	-	-	-	-	-
Agricultural 1	-		-	-	-	-	-	-	-	-	
Agricultural 2	-		-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Biological 1		-	-	-	-	-	-	-	-	-	
Biological 2		-	-	-	-	-	-	-	-	-	
Intangibles		-	58	7	-	-	-	42	44	46	
Computers - software & programming		-	58	7	-	-	-	42	44	46	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	16 915	14 897	10 269	13 267	11 990	11 990	11 946	13 816	15 431	

Table 55 MBRR SA34d - Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		7 141	9 336	11 498	13 774	13 198	13 198	13 881	14 551	15 166
Infrastructure - Road transport		1 909	2 725	3 138	3 266	3 473	3 473	3 403	3 631	3 895
Roads, Pavements & Bridges		1 909	2 725	3 138	3 266	3 473	3 473	3 403	3 631	3 895
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		818	1 346	1 657	2 632	2 273	2 273	2 227	2 416	2 519
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		818	1 346	1 657	2 632	2 273	2 273	2 227	2 416	2 519
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		2 558	3 112	4 649	5 216	4 750	4 750	4 808	4 845	5 018
Dams & Reservoirs		437	437	669	751	684	684	692	697	722
Water purification		502	502	1 659	1 862	1 695	1 695	1 716	1 729	1 791
Reticulation		1 618	2 173	2 320	2 603	2 371	2 371	2 400	2 418	2 504
Infrastructure - Sanitation		1 532	1 999	2 028	2 218	2 357	2 357	2 571	2 637	2 568
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		1 532	1 999	2 028	2 218	2 357	2 357	2 571	2 637	2 568
Infrastructure - Other		324	154	26	442	345	345	872	1 022	1 166
Waste Management		324	154	26	39	30	30	77	90	103
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	0	0	(0)	403	315	315	795	932	1 063
Community		635	739	912	1 150	1 212	1 212	1 192	1 179	1 237
Parks & gardens		275	306	342	432	455	455	447	442	464
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		21	60	58	73	77	77	75	74	78
Recreational facilities		339	373	512	646	680	680	669	662	695
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other	8	(0)	-	-	(0)	(0)	(0)	-	(0)	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		168	168	168	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		168	168	168	-	-	-	-	-	-
Other assets		4 503	6 051	11 102	5 845	5 487	5 487	5 439	5 417	5 396
General vehicles		1 081	1 098	984	1 084	1 017	1 017	1 016	1 014	1 013
Specialised vehicles		207	207	251	277	260	260	259	259	259
Plant & equipment		33	43	47	51	48	48	48	48	48
Computers - hardware/equipment		433	480	508	560	526	526	525	524	523
Furniture and other office equipment		1 411	2 447	2 560	2 198	2 063	2 063	2 021	2 004	1 988
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		87	87	83	92	86	86	86	86	86
Other Buildings		1 251	1 423	1 438	1 583	1 486	1 486	1 484	1 481	1 479
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		(0)	266	5 230	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
Agricultural 1		-	-	-	-	-	-	-	-	-
Agricultural 2		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Biological 1		-	-	-	-	-	-	-	-	-
Biological 2		-	-	-	-	-	-	-	-	-
Intangibles		34	563	565	622	584	584	583	582	581
Computers - software & programming		34	563	565	622	584	584	583	582	581
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380

Table 56 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - Council		350	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		128	-	-	-	-	-	-
Vote 3 - Community Services		21 372	8 245	11 297	-	-	-	-
Vote 4 - Corporate Services		450	-	-	-	-	-	-
Vote 5 - Financial Services		910	1 000	1 000	-	-	-	-
Vote 6 - Strategic Services		445	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		28 506	22 533	23 327	-	-	-	-
Total Capital Expenditure		52 161	31 778	35 624	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council		-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-
Vote 3 - Community Services		-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		-	-	-	-	-	-	-
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates		-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-	-
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		52 161	31 778	35 624	-	-	-	-

Table 57 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Prior year outcomes	2013/14 Medium Term Revenue & Expenditure Framework			Project information
			Current Year 2012/13 Full Year	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	New or renewal
Council	FURNITURE AND EQUIPMENT 1	551 100 051	40	–	–	–	New
Council	LEASED VEHICLES	551 100 000	–	350	–	–	Replace
Office of the Municipal Manager	FURNITURE AND EQUIPMENT	551 120 031	12	–	–	–	New
Office of the Municipal Manager	FURNITURE AND EQUIPMENT 1	551 120 031	–	110	–	–	New
Office of the Municipal Manager	COMPUTER EQUIPMENT 1	552 120 041	–	18	–	–	New
Community Services	FURNITURE AND EQUIPMENT	553 100 461	55	–	–	–	New
Community Services	FURNITURE AND EQUIPMENT 1	553 100 000	–	8	–	–	New
Community Services	FURNITURE AND EQUIPMENT 1	553 200 000	–	63	–	–	New
Community Services	SERVICES LINKED TO HOUSING PRO	553 200 000	–	11 684	–	–	New
Community Services	LAND AND BUILDINGS 2	553 200 000	–	1 322	–	–	New
Community Services	LAND AND BUILDINGS	553 220 000	–	–	–	105	New
Community Services	LAND AND BUILDINGS 2	553 220 000	–	328	–	–	New
Community Services	TOOLS AND EQUIPMENT	553 220 000	–	–	–	85	New
Community Services	FURNITURE AND EQUIPMENT 1	553 300 000	–	110	35	165	New
Community Services	COMPUTER EQUIPMENT 1	553 300 000	–	57	–	–	New
Community Services	UPGRADE OF MUNICIPAL BUILDINGS	553 300 000	–	–	–	700	Replace
Community Services	BOOK DETECTION SYSTEM	553 300 000	–	150	–	200	New
Community Services	AIR CONDITIONERS	553 300 000	–	130	–	–	New
Community Services	LAND AND BUILDINGS	553 300 000	–	–	500	–	New
Community Services	SHELVING	553 300 000	–	–	10	–	New
Community Services	TOOLS AND EQUIPMENT	553 400 000	–	–	300	206	New
Community Services	FURNITURE AND EQUIPMENT 1	553 400 000	–	14	–	–	New
Community Services	COMPUTER EQUIPMENT 1	553 400 000	–	–	10	115	New
Community Services	LEASED VEHICLES	553 400 000	–	420	–	–	Replace
Community Services	FIRE HYDRANTS	553 400 000	–	55	100	–	New
Community Services	TOOLS AND EQUIPMENT	553 420 000	–	97	–	79	New
Community Services	FURNITURE AND EQUIPMENT 1	553 420 000	–	31	–	–	New
Community Services	LAND AND BUILDINGS	553 420 000	–	–	879	–	New
Community Services	LAND AND BUILDINGS 2	553 420 000	–	300	1 000	2 000	New
Community Services	COMPUTER EQUIPMENT 1	553 420 000	–	31	–	–	New
Community Services	LEASED VEHICLES	553 420 000	–	270	–	–	Replace
Community Services	TOOLS AND EQUIPMENT	553 430 000	–	27	–	–	New
Community Services	FURNITURE AND EQUIPMENT 1	553 430 000	–	14	21	9	New
Community Services	COMPUTER EQUIPMENT 1	553 430 000	–	18	140	–	New
Community Services	LEASED VEHICLES	553 430 000	–	220	–	–	Replace
Community Services	UPGRADE KWANO SPORTFIELD	553 500 131	1 500	–	–	–	Replace
Community Services	EQUIPMENT	553 500 341	160	–	–	–	New
Community Services	UPGRADE OF SPORTS FACILITIES	553 500 371	100	–	–	–	Replace
Community Services	UPGRADE OF SPORTS FACILITIES -	553 500 000	–	–	–	2 632	Replace
Community Services	COMPUTER EQUIPMENT 1	553 500 000	–	16	–	–	New
Community Services	FURNITURE AND EQUIPMENT 1	553 500 000	–	7	–	–	New
Community Services	ESTABLISHMENT OF NEW CEMETAF	553 520 041	400	1 300	–	–	New
Community Services	ESTABLISHMENT OF NEW CEMETAF	553 520 000	–	–	250	–	New

Community Services	FURNITURE AND EQUIPMENT 1	553 540 000	–	37	–	–	New
Community Services	COMPUTER EQUIPMENT 1	553 540 000	–	8	–	–	New
Municipal Services and Infrastructure Develop	WASTE TRANSFER STATION - GRAN	558 300 061	–	4 386	–	–	New
Municipal Services and Infrastructure Develop	WASTE TRANSFER STATION	558 300 000	–	–	5 000	5 000	New
Municipal Services and Infrastructure Develop	WASTE COMPACTORS	558 300 891	3 100	–	–	–	New
Municipal Services and Infrastructure Develop	LEASED VEHICLES	558 300 000	–	270	–	–	Replace
Office of the Municipal Manager	FURNITURE AND EQUIPMENT 1	552 130 031	–	12	–	–	New
Office of the Municipal Manager	COMPUTER EQUIPMENT 1	552 130 041	–	26	–	–	New
Community Services	FURNITURE AND EQUIPMENT	554 100 461	50	–	–	–	New
Community Services	FURNITURE AND EQUIPMENT 1	554 100 000	–	99	–	–	New
Community Services	COMPUTER EQUIPMENT 1	554 100 000	–	50	–	–	New
Community Services	UPGRADE OF MUNICIPAL BUILDINGS	554 100 000	–	150	–	–	Replace
Corporate Services	FURNITURE AND EQUIPMENT 1	554 200 000	–	14	–	–	New
Corporate Services	COMPUTER EQUIPMENT 1	554 200 000	–	53	–	–	New
Corporate Services	FURNITURE AND EQUIPMENT 1	554 300 000	–	12	–	–	New
Corporate Services	COMPUTER EQUIPMENT 1	554 300 000	–	35	–	–	New
Corporate Services	FURNITURE AND EQUIPMENT	555 100 461	60	–	–	–	New
Corporate Services	FURNITURE AND EQUIPMENT 1	555 300 000	–	35	–	–	New
Corporate Services	COMPUTER EQUIPMENT 1	555 300 000	–	43	–	–	New
Corporate Services	COMPUTER EQUIPMENT	555 400 021	100	–	–	–	New
Corporate Services	COMPUTER EQUIPMENT 1	555 400 000	–	72	–	–	New
Corporate Services	FURNITURE AND EQUIPMENT 1	555 400 000	–	10	–	–	New
Corporate Services	UPGRADE OF MUNICIPAL BUILDINGS	555 400 000	–	150	–	–	Replace
Corporate Services	FURNITURE AND EQUIPMENT 1	555 600 000	–	10	–	–	Replace
Corporate Services	COMPUTER EQUIPMENT 1	555 600 000	–	25	–	–	New
Corporate Services	METER READING SYSTEM	555 600 000	–	350	–	–	Replace
Financial Services	LEASED VEHICLES	555 600 000	–	135	–	–	Replace
Financial Services	WATER MANAGEMENT DEVICES	555 600 000	–	–	1 000	1 000	New
Financial Services	FURNITURE AND EQUIPMENT 1	555 700 000	–	55	–	–	New
Financial Services	COMPUTER EQUIPMENT 1	555 700 000	–	25	–	–	New
Financial Services	FURNITURE AND EQUIPMENT 1	557 100 000	–	4	–	–	New
Financial Services	COMPUTER EQUIPMENT 1	557 100 000	–	19	–	–	New
Financial Services	TOOLS AND EQUIPMENT	557 100 000	–	4	–	–	New
Financial Services	FENCING	557 120 451	450	–	–	–	New
Financial Services	NEW DEPOT	557 120 991	–	–	–	–	New
Financial Services	FURNITURE AND EQUIPMENT 1	557 120 000	–	42	–	–	New
Strategic Services	FURNITURE AND EQUIPMENT	557 400 461	20	–	–	–	New
Strategic Services	FURNITURE AND EQUIPMENT 1	557 400 000	–	16	–	–	New
Strategic Services	COMPUTER EQUIPMENT 1	557 400 000	–	9	–	–	New
Strategic Services	PARKING FACILITIES	557 400 000	–	85	–	–	Replace
Strategic Services	PARKING FACILITIES 2	557 400 000	–	215	–	–	Replace
Strategic Services	FURNITURE AND EQUIPMENT 1	557 500 000	–	16	–	–	New
Strategic Services	COMPUTER EQUIPMENT 1	557 500 000	–	17	–	–	New
Strategic Services	FURNITURE AND EQUIPMENT 1	557 650 000	–	10	–	–	New
Strategic Services	COMPUTER EQUIPMENT 1	557 650 000	–	9	–	–	New
Strategic Services	SERVICES LINKED TO HOUSING PRO	558 200 131	–	–	–	–	New
Strategic Services	LANDSCAPING AND PEDESTRIAN W	558 200 141	3 675	–	–	–	New
Strategic Services	REHABILITATION OF STREETS	558 200 421	–	–	–	–	Replace
Strategic Services	REHABILITATION OF STREETS 1	558 200 000	–	2 000	1 000	1 000	Replace
Municipal Services and Infrastructure Develop	REHABILITATION OF STREETS 3	558 200 000	–	–	2 632	5 263	Replace

Municipal Services and Infrastructure Develop	FURNITURE AND EQUIPMENT	558 200 461	30	–	–	–	New
Municipal Services and Infrastructure Develop	KRANSHOEK TAXI ROUTE	558 200 501	6 700	–	–	–	Replace
Municipal Services and Infrastructure Develop	REHABILITATION OF STREETS (LOA	558 200 711	4 000	–	–	–	Replace
Municipal Services and Infrastructure Develop	CONSTRUCTION OF NEW STREETS	558 200 941	2 000	–	–	–	New
Municipal Services and Infrastructure Develop	TAXI ROUTE - GRANT	558 200 000	–	1 216	4 970	–	New
Municipal Services and Infrastructure Develop	TOOLS AND EQUIPMENT	558 200 000	–	45	–	50	New
Municipal Services and Infrastructure Develop	STORM WATER IMPROVEMENTS	558 200 000	–	–	–	1 300	Replace
Municipal Services and Infrastructure Develop	STORM WATER IMPROVEMENTS 3	558 200 000	–	–	–	2 982	Replace
Municipal Services and Infrastructure Develop	LEASED VEHICLES	558 200 000	–	880	–	–	Replace
Municipal Services and Infrastructure Develop	UPGRADE SEWER PUMP STATIONS	558 400 121	400	–	600	–	Replace
Municipal Services and Infrastructure Develop	UPGRADE SEWER PUMP STATIONS	558 400 000	–	600	–	–	Replace
Municipal Services and Infrastructure Develop	SERVICES LINKED TO HOUSING PRO	558 400 131	336	–	–	–	New
Municipal Services and Infrastructure Develop	RELOCATION OF SEWER PUMP NET	558 400 171	500	–	–	–	New
Municipal Services and Infrastructure Develop	RELOCATION OF P/S -POORTJIES (558 400 191	5 000	5 118	–	–	Replace
Municipal Services and Infrastructure Develop	RELOCATION OF P/S -POORTJIES 2	558 400 000	–	4 000	–	–	Replace
Municipal Services and Infrastructure Develop	POORTJIES EMBANKMENT PROTEC	558 400 000	–	350	–	–	New
Municipal Services and Infrastructure Develop	BOSSIESGIF SERVICES	558 400 311	3 500	–	–	–	New
Municipal Services and Infrastructure Develop	KRANSHOEK PUMP STATION	558 400 381	3 800	–	–	–	New
Municipal Services and Infrastructure Develop	FURNITURE AND EQUIPMENT	558 400 461	25	–	–	–	New
Municipal Services and Infrastructure Develop	KURLAND TREATMENT WORKS	558 400 000	–	515	–	–	Replace
Municipal Services and Infrastructure Develop	KWANO OUTFALL SEWER	558 400 000	–	–	2 955	–	Replace
Municipal Services and Infrastructure Develop	TOOLS AND EQUIPMENT	558 400 000	–	60	–	–	New
Municipal Services and Infrastructure Develop	STORM WATER IMPROVEMENTS	558 400 000	–	–	300	–	Replace
Municipal Services and Infrastructure Develop	ELECTIFICATION: HOUSING PROGRA	558 500 161	2 461	–	2 632	–	New
Municipal Services and Infrastructure Develop	NETWORK UPGRADES AND EXTENS	558 500 371	–	–	–	–	Replace
Municipal Services and Infrastructure Develop	NETWORK UPGRADES AND EXTENS	558 500 000	–	1 013	–	–	Replace
Municipal Services and Infrastructure Develop	ELECTRIFICATION: HOUSING PROGI	558 500 401	600	–	–	–	New
Municipal Services and Infrastructure Develop	UPGRADE OF BRAKKLOOF NETWORK	558 500 411	250	–	–	–	Replace
Municipal Services and Infrastructure Develop	EQUIPMENT	558 500 431	210	–	–	–	New
Municipal Services and Infrastructure Develop	COMPUTER EQUIPMENT 1	558 500 000	–	16	–	–	New
Municipal Services and Infrastructure Develop	TOOLS AND EQUIPMENT	558 500 000	–	70	–	–	New
Municipal Services and Infrastructure Develop	SUBSTATIONS - UPGRADES AND RE	558 500 000	–	1 270	–	–	Replace
Municipal Services and Infrastructure Develop	UPGRADE MV CABLES PLETT	558 500 000	–	–	500	–	Replace
Municipal Services and Infrastructure Develop	TRANSFORMERS - GRANT	558 500 000	–	–	–	4 386	New
Municipal Services and Infrastructure Develop	HIGH MAST LIGHTS	558 500 000	–	–	3 361	–	New
Municipal Services and Infrastructure Develop	MINI SUBS	558 500 000	–	–	–	500	Replace
Municipal Services and Infrastructure Develop	MINI SUBS 2	558 500 000	–	–	500	–	Replace
Municipal Services and Infrastructure Develop	LEASED VEHICLES	558 500 000	–	1 080	–	–	Replace
Municipal Services and Infrastructure Develop	OFF CHANNEL DAM	558 600 021	–	–	–	–	New
Municipal Services and Infrastructure Develop	SERVICES LINKED TO HOUSING PRO	558 600 131	2 536	–	–	–	New
Municipal Services and Infrastructure Develop	BOSSIESGIF SERVICES	558 600 311	–	–	–	–	New
Municipal Services and Infrastructure Develop	KEURBOOMS WATER SUPPLY AND	558 600 491	2 100	737	2 684	–	New
Municipal Services and Infrastructure Develop	GENERATORS	558 600 581	850	–	–	–	New
Municipal Services and Infrastructure Develop	P/S UPGRADES AND REPLACEMENT	558 600 731	500	–	–	–	Replace
Municipal Services and Infrastructure Develop	SUPPLY TO KWANOKUTHULA & SUR	558 600 841	5 855	8 437	–	–	New
Municipal Services and Infrastructure Develop	FURNITURE AND EQUIPMENT 1	558 600 000	–	1	–	–	New
Municipal Services and Infrastructure Develop	COMPUTER EQUIPMENT 1	558 600 000	–	8	–	–	New
Municipal Services and Infrastructure Develop	RETICULATION UPGRADES AND RE	558 600 000	–	–	400	1 000	Replace
Municipal Services and Infrastructure Develop	TOOLS AND EQUIPMENT	558 600 000	–	70	–	50	New
Municipal Services and Infrastructure Develop	ROODEFONTEIN DAM UPGRADES 3	558 600 000	–	–	–	6 796	Replace
Municipal Services and Infrastructure Develop	NATURES VALLEY OZONE PLANT	558 600 000	–	250	–	–	Replace
Municipal Services and Infrastructure Develop	LEASED VEHICLES	558 600 000	–	770	–	–	Replace
Total Capital expenditure			51 375	52 161	31 778	35 624	

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis with effect from February 2013. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on Bitou Municipality's website.
2. Internship program
Bitou Municipality is participating in the Municipal Financial Management Internship program. There are current intern vacancies which will be advertised and filled in the 2013/2014 financial year.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The draft SDBIP is submitted to council concurrent with the budget and will be presented to the Mayor in terms of the legislative requirements after the adoption of the budget.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Minimum competency training
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury.
8. Policies
Various policy amendments are proposed as part of the budget process, all policies being revised are available with budget documentation for public input.

2.13 Other supporting documents

Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		57 569	65 415	69 812	96 452	83 555	83 555	83 555	99 947	105 344	111 033
less Revenue Foregone		2 657	2 276	3 082	13 540	1 300	1 300	1 300	9 500	10 013	10 554
Net Property Rates		54 912	63 139	66 730	82 912	82 255	82 255	82 255	90 447	95 331	100 479
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		62 777	75 116	89 623	96 431	95 553	95 553	95 553	105 478	113 045	121 155
less Revenue Foregone		558	616	647	1 988	1 988	1 988	1 988	3 063	3 284	3 520
Net Service charges - electricity revenue		62 219	74 500	88 977	94 443	93 565	93 565	93 565	102 415	109 761	117 635
Service charges - water revenue	6										
Total Service charges - water revenue		23 334	28 362	29 994	31 688	32 395	32 395	32 395	36 656	38 636	40 722
less Revenue Foregone		107	107	16	197	197	197	197	2 318	2 443	2 575
Net Service charges - water revenue		23 227	28 256	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		21 834	25 259	28 085	33 135	33 050	33 050	33 050	39 461	41 592	43 838
less Revenue Foregone					638	638	638	638	4 296	4 528	4 773
Net Service charges - sanitation revenue		21 834	25 259	28 085	32 497	32 412	32 412	32 412	35 165	37 064	39 066
Service charges - refuse revenue	6										
Total refuse removal revenue		10 927	13 742	16 184	19 444	19 630	19 630	19 630	25 031	26 383	27 808
Total landfill revenue											
less Revenue Foregone		-	-	0	220	220	220	220	4 027	4 245	4 474
Net Service charges - refuse revenue		10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Other Revenue by source											
Sundry : VAT Recovery		-	-	0	2 036	-	-	-	-	-	-
Augmentation Fees		2 430	3 636	1 550	899	754	754	754	1 005	1 093	1 167
Building Plan Fees		1 390	1 394	1 026	980	980	980	980	1 000	1 050	1 103
Conservancy Charges		705	775	840	920	1 065	1 065	1 065	1 085	1 139	1 196
Re-/Disconnection Fees		200	185	156	294	735	735	735	750	750	750
Town Planning Fees		113	93	123	720	340	340	340	340	357	375
Collection Fees Recovered		-	-	-	550	796	796	796	750	788	827
Connection Fees		474	265	292	395	353	353	353	367	446	471
Signage		-	-	2	100	5	5	5	24	25	26
Services Connections: Prepaid		70	96	76	91	41	41	41	43	45	47
LG Seta Grant		294	213	382	200	200	200	200	250	300	350
Other		13 743	2 075	2 199	776	4 696	4 696	4 696	842	884	998
Total 'Other' Revenue	1	19 418	8 732	6 647	7 963	9 965	9 965	9 965	6 455	6 877	7 311
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		54 101	64 866	62 251	68 988	72 346	72 346	72 346	80 906	86 165	91 765
Pension and UIF Contributions		9 227	8 610	8 501	10 380	9 829	9 829	9 829	11 421	12 163	12 954
Medical Aid Contributions		6 599	8 334	8 166	9 843	9 654	9 654	9 654	11 121	11 844	12 614
Overtime		4 207	4 031	3 242	3 100	3 200	3 200	3 200	2 830	2 971	3 160
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		5 119	5 719	5 464	6 190	4 822	4 822	4 822	5 522	5 880	6 263
Cellphone Allowance		658	839	709	835	629	629	629	381	406	432
Housing Allowances		604	618	717	955	941	941	941	843	898	956
Other benefits and allowances		7 057	7 187	3 765	3 851	3 598	3 598	3 598	4 523	4 800	5 095
Payments in lieu of leave		2 084	1 955	1 892	806	806	806	806	2 180	2 322	2 473
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	6 113	6 113	6 113	6 113	6 113	7 798	8 305	8 845
sub-total	5	89 656	102 158	100 822	111 061	111 939	111 939	111 939	127 524	135 754	144 557
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	89 656	102 158	100 822	111 061	111 939	111 939	111 939	127 524	135 754	144 557
Contributions recognised - capital											
Contract 1		-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-
Contract 3		-	-	-	-	-	-	-	-	-	-
Contract 4		-	-	-	-	-	-	-	-	-	-
Contract 5		-	-	-	-	-	-	-	-	-	-
[Default]		-	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	10										
Depreciation of Property, Plant & Equipment		12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Bulk purchases											
Electricity Bulk Purchases		40 644	50 582	56 600	73 775	71 650	71 650	71 650	77 382	83 573	90 258

**Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

Transfers and grants										
Cash transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–	–
Total transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Contracted services										
Consultant Fees	10 128	7 918	–	–	–	–	–	–	–	–
IT Support	–	–	3 623	1 944	1 944	1 944	1 944	1 836	2 040	2 266
Security Services	–	–	3 199	3 353	4 108	4 108	4 108	3 032	3 501	3 683
Revenue Enhancement Services	–	–	–	2 165	3 165	3 165	3 165	3 350	3 518	3 693
Valuation Roll	–	–	–	2 000	1 850	1 850	1 850	500	525	551
Financial Support Services	–	–	–	–	1 500	1 500	1 500	1 000	1 300	1 450
PMS System	–	192	122	200	200	200	200	420	315	330
Policies Revision	–	–	–	–	–	–	–	110	–	–
Transport Plans	–	131	–	–	–	–	–	30	30	30
Waste Transfer Services	–	–	–	3 257	2 257	2 257	2 257	4 010	4 331	4 624
Exp: Re-/Disconnection Of Services	–	–	–	–	155	155	155	250	263	276
Desalination Plant	–	–	1 932	1 605	1 500	1 500	1 500	1 650	1 733	1 819
Traffic Support Services	–	–	–	3 869	2 769	2 769	2 769	2 900	3 100	3 200
Internal Audit Services	–	–	–	–	450	450	450	558	718	–
VIP Security	–	–	2 123	1 700	1 200	1 200	1 200	–	–	–
Water Safety And Security Plan	–	30	–	32	32	32	32	67	70	74
Water Audit	–	200	–	–	–	–	–	–	–	–
Contract 18	–	–	–	–	–	–	–	–	–	–
Contract 19	–	–	–	–	–	–	–	–	–	–
Contract 20	–	–	–	–	–	–	–	–	–	–
Contract 21	–	–	–	–	–	–	–	–	–	–
Contract 22	–	–	–	–	–	–	–	–	–	–
Contract 23	–	–	–	–	–	–	–	–	–	–
Contract 24	–	–	–	–	–	–	–	–	–	–
[Default]	–	–	–	–	–	–	–	–	–	–
sub-total	10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 713	21 443	21 997
Allocations to organs of state:										
Electricity	–	–	–	–	–	–	–	–	–	–
Water	–	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total contracted services	10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 713	21 443	21 997
Other Expenditure By Type										
Collection costs	892	1 226	996	850	414	414	414	750	788	827
Contributions to 'other' provisions	–	–	–	–	–	–	–	–	–	–
Consultant fees	–	–	–	2 137	2 377	2 377	2 377	2 709	2 446	2 599
Audit fees	1 553	2 222	1 063	1 570	1 570	1 570	1 570	1 649	1 731	1 817
General expenses	20 530	20 872	30 258	2 196	4 127	4 127	4 127	6 140	4 597	4 604
Repairs and maintenance	16 915	14 897	10 269	13 267	11 990	11 990	11 990	11 946	13 816	15 431
Systems & Licences	1 224	919	1 723	1 488	2 323	2 323	2 323	3 299	3 485	3 694
Communication & Marketing	4 349	5 059	2 743	2 488	2 446	2 446	2 446	2 765	2 907	3 066
Major Operating Grant Expenses	24 517	27 581	10 453	13 757	30 469	30 469	30 469	65 431	3 252	3 352
Service Expenses	6 471	4 748	2 600	3 945	2 332	2 332	2 332	2 669	5 491	8 437
Renting & Hiring	5 214	4 559	4 013	6 587	6 469	6 469	6 469	6 830	7 103	7 380
Insurance	1 272	719	994	1 332	1 357	1 357	1 357	1 425	1 496	1 571
Administration Expenses	13 229	12 070	11 385	8 542	11 082	11 082	11 082	10 849	11 290	11 581
Training & Development	3 766	4 296	1 417	2 427	2 576	2 576	2 576	2 649	2 679	2 841

Table 59 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Community Services	Vote 4 - Corporate Services	Vote 5 - Financial Services	Vote 6 - Strategic Services	Vote 7 - Municipal Services and Infrastructur	Total
R thousand	1								
Revenue By Source									
Property rates		-	-	-	-	90 447	-	-	90 447
Property rates - penalties & collection charges		-	3 300	-	-	-	-	-	3 300
Service charges - electricity revenue		-	-	-	-	-	-	102 415	102 415
Service charges - water revenue		-	-	-	-	-	-	34 338	34 338
Service charges - sanitation revenue		-	-	-	-	-	-	35 165	35 165
Service charges - refuse revenue		-	-	21 004	-	-	-	-	21 004
Service charges - other		-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	454	174	-	585	-	1 213
Interest earned - external investments		-	1 320	-	-	450	-	-	1 770
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-
Fines		-	-	4 107	-	-	-	-	4 107
Licences and permits		-	74	-	-	-	-	-	74
Agency services		-	-	1 208	-	-	-	-	1 208
Other revenue		-	1 083	364	281	75	1 394	3 259	6 455
Transfers recognised - operational		-	31 504	68 108	-	1 300	-	1 140	102 052
Gains on disposal of PPE		-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	37 281	95 244	454	92 272	1 979	176 317	403 548
Expenditure By Type									
Employee related costs		-	11 859	49 090	10 093	15 855	10 274	30 352	127 524
Remuneration of councillors		4 415	-	-	-	-	-	-	4 415
Debt impairment		-	165	1 252	-	4 522	-	9 080	15 019
Depreciation & asset impairment		175	151	3 266	252	642	1 571	15 037	21 095
Finance charges		-	-	1 669	15	236	1 511	10 414	13 845
Bulk purchases		-	-	-	-	-	-	77 582	77 582
Other materials		42	105	745	201	370	154	1 512	3 128
Contracted services		-	3 258	6 960	72	6 896	530	1 997	19 713
Transfers and grants		-	750	-	-	-	1 880	-	2 630
Other expenditure		691	7 974	78 626	7 234	7 187	4 133	13 265	119 110
Loss on disposal of PPE		-	-	-	-	-	-	-	-
Total Expenditure		5 322	24 263	141 608	17 867	35 708	20 053	159 239	404 060
Surplus/(Deficit)		(5 322)	13 018	(46 364)	(17 413)	56 564	(18 074)	17 078	(512)
Transfers recognised - capital		-	-	13 767	-	-	-	22 680	36 447
Contributions recognised - capital		-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(5 322)	13 018	(32 597)	(17 413)	56 564	(18 074)	39 758	35 934

Table 60 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		5 109	10 191	27 044	–	16 734	16 734	16 734	35 000	70 000	120 000
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	5 109	10 191	27 044	–	16 734	16 734	16 734	35 000	70 000	120 000
Consumer debtors											
Consumer debtors		49 321	67 072	84 550	95 247	83 732	83 732	83 732	98 751	114 665	131 536
Less: Provision for debt impairment		(23 501)	(30 820)	(41 253)	(66 612)	(52 314)	(52 314)	(52 314)	(67 333)	(83 247)	(100 118)
Total Consumer debtors	2	25 820	36 252	43 298	28 635	31 418	31 418	31 418	31 418	31 418	31 418
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		592 100	690 523	723 919	786 769	783 293	783 293	783 293	835 454	867 233	902 857
Leases recognised as PPE	3	917	3 421	3 752	3 421	3 752	3 752	3 752	3 752	3 752	3 752
Less: Accumulated depreciation		152 000	165 987	183 522	200 449	204 003	204 003	204 003	224 347	245 326	266 960
Total Property, plant and equipment (PPE)	2	441 017	527 958	544 149	589 742	583 042	583 042	583 042	614 859	625 659	639 648
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		4 637	7 851	9 444	11 410	9 444	9 444	9 444	12 795	13 531	14 423
Total Current liabilities - Borrowing		4 637	7 851	9 444	11 410	9 444	9 444	9 444	12 795	13 531	14 423
Trade and other payables											
Trade and other creditors		38 380	62 487	25 103	48 436	39 858	39 858	39 858	46 893	48 838	43 514
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	–	–	–
VAT		–	–	2 345	–	2 345	2 345	2 345	–	–	–
Total Trade and other payables	2	60 392	96 468	68 363	57 950	57 553	57 553	57 553	46 893	48 838	43 514
Non current liabilities - Borrowing											
Borrowing	4	85 069	93 951	114 009	121 223	114 009	116 671	116 671	113 867	111 062	107 337
Finance leases (including PPP asset element)		303	804	186	1 932	186	186	186	3 052	1 591	–
Total Non current liabilities - Borrowing		85 372	94 754	114 195	123 155	114 195	116 857	116 857	116 920	112 653	107 337
Provisions - non-current											
Retirement benefits		27 903	37 524	54 907	52 338	57 541	57 541	57 541	65 339	73 644	82 489
List other major provision items											
Refuse landfill site rehabilitation		5 929	6 274	6 744	6 274	6 744	6 744	6 744	7 434	8 134	8 844
Other		2 706	4 216	3 773	1 356	1 139	1 139	1 139	4 330	7 729	11 349
Total Provisions - non-current		36 538	48 014	65 424	59 969	65 424	65 424	65 424	77 103	89 507	102 682
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		384 269	409 723	439 193	439 402	456 668	454 332	454 332	491 995	531 567	568 791
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		384 269	409 723	439 193	439 402	456 668	454 332	454 332	491 995	531 567	568 791
Surplus/(Deficit)		21 768	28 128	9 108	20 775	40 428	40 428	40 428	35 934	25 578	40 278
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	406 037	437 851	448 301	460 177	497 096	494 760	494 760	527 930	557 145	609 069
Reserves											
Housing Development Fund		1 042	1 042	–	1 042	–	–	–	–	–	–
Capital replacement		1 060	300	–	7 800	–	–	–	2 000	3 000	3 500
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	2 102	1 342	–	8 842	–	–	–	2 000	3 000	3 500
TOTAL COMMUNITY WEALTH/EQUITY	2	408 139	439 193	448 301	469 018	497 096	494 760	494 760	529 930	560 145	612 569

Table 61 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			18 427	29 162	39 002	41 703	44 842	49 162	47 937	51 357	54 952	58 738
Females aged 5 - 14			1 626	2 581	2 570	6 897	6 647	4 002	7 610	8 142	8 712	9 322
Males aged 5 - 14			1 588	2 435	2 503	7 400	6 659	3 743	7 647	8 182	8 755	9 338
Females aged 15 - 34			3 272	5 664	8 136	15 584	6 762	8 634	7 741	8 283	8 863	9 483
Males aged 15 - 34			3 324	5 564	8 278	14 980	7 505	8 847	8 552	9 194	9 838	10 526
Unemployment			1 490	3 692	3 175	1 738	1 880	7 106	7 603	8 136	8 705	9 315
Monthly household income (no. of households)	1, 12											
No income			723	1 233	415	36	38	3 008	3 219	3 444	3 685	3 943
R1 - R1 600			150	512	213	76	81	733	4 685	5 014	5 365	5 740
R1 601 - R3 200			465	1 172	609	1 241	1 338	914	3 508	3 754	4 017	4 288
R3 201 - R6 400			950	1 846	2 235	1 128	1 207	2 732	2 464	2 656	2 821	3 018
R6 401 - R12 800			705	1 665	2 133	1 571	1 681	3 279	1 604	1 716	1 836	1 955
R12 801 - R25 600			662	1 076	1 687	2 923	3 127	2 302	1 185	1 289	1 358	1 453
R25 601 - R51 200			329	734	439	2 420	2 580	1 499	715	765	819	876
R51 201 - R102 400			267	468	347	2 674	2 861	1 109	275	285	315	337
R102 401 - R204 800			291	120	193	2 749	2 941	669	86	92	98	105
R204 801 - R409 600			194	55	289	485	519	257	68	72	77	83
R409 601 - R819 200			146	20	75	119	127	80				
>R819 200			155	28				63				
Poverty profiles (no. of households)												
<R2 000 per household per month	13						12 211.00	7 103.37	7 600.61	8 132.65	8 701.94	9 311.07
Insert description	2											
Household demographics (000)												
Number of people in municipal area			18 427	29 162	39 002	41 703	44 842	51 340	54 934	57 680	60 554	63 532
Number of poor people in municipal area							12 212	13 981	14 980			
Number of households in municipal area			5 077	11 760	12 645	15 029	15 087	16 645	17 274			
Number of poor households in municipal area				1 129	1 214	1 843	1 665	1 888	1 909	1 930	1 951	1 972
Definition of poor household (R per month)				745	801	917						
Housing statistics	3											
Formal					8 989	8 974	8 989	9 970	10 232			
Informal					3 685	4 220	6 039	10 542	6 983			
Total number of households			-	-	12 645	13 155	15 088	20 512	17 274	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPI)									10.0%			
Interest rate - borrowing									4.5%			
Interest rate - investment									5.0%			
Pensioner increases									0.0%			
Consumption growth (electricity)									-1.0%			
Consumption growth (water)												
Collection rates	7											
Property tax/service charges									98.0%			
Rental of facilities & equipment									100.0%			
Interest - external investments									100.0%			
Interest - debts									90.0%			
Revenue from agency services									100.0%			

2.14 Municipal manager's quality certificate

I Allen Paulse municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A. A. Paulse

Municipal Manager of Bitou Local Municipality (WC047)

Signature: _____

Date 23 May 2013

2.14 Municipal manager's quality certificate

I Allen Paulse municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A. A. Paulse

Municipal Manager of Bitou Local Municipality (WC047)

Signature:



Date

23 May 2013